2024

FARM CREDIT
SOUTHEAST MISSOURI

2024 FARM CREDIT SOUTHEAST MISSOURI ANNUAL REPORT

TABLE OF CONTENTS

Farm Credit Southeast Missouri, ACA

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Dear Farm Credit Southeast Missouri, ACA Customer-Owners:

Farm Credit Southeast Missouri, ACA (the Association), **"Your Ag Lender!"**, completed another successful year in 2024.

Your Association continued to experience strong growth in 2024, ending the year with over **$1.1 billion** in total owned and managed assets. In 2024, the Association recorded over **$19.0 million in Net Income** and achieved a **Return on Assets of 1.9%**. The Association also maintained **Credit Quality at 99.0%**. Maintaining such high credit quality is a direct reflection of the quality and strength of you, the customer-owners. With over **$217.8 million in Capital,** your Association remains financially safe and sound.

One of the biggest highlights of 2024 was our ability to give back to you, our customer-owners, a record-high **cash patronage of $9.0 million**. Over the past **31 years** Farm Credit Southeast Missouri, ACA has paid over **$129.2 million** back to its customer-owners, keeping with our promise to "Put Our Profits in Your Pockets".

Although successful, the year was definitely filled with many challenges that you, our customer-owners, had to overcome. While we were blessed with another successful harvest throughout most of our territory, significant headwinds from low commodity prices and high input costs to significant weather events loomed throughout the year.

As always, we are here to support you. We know 2025 is going to be another challenging year for many farmers, maybe the most challenging yet. For those facing adversity during this trying time, Farm Credit Southeast Missouri, ACA is here to provide support and assistance. Please do not hesitate to contact your loan officer, or any of our staff at your local branch office. Your success is our priority, and we look forward to continuing to serve you this year, and in the years to come.

None of the Association's success would be possible without you, our loyal customer-owners. I look forward to continuing to travel throughout the Association's territory this year meeting and visiting with you.

The Board of Directors, the entire Association staff, and I sincerely thank you for your trust, partnership, and your business.

Farm Credit Southeast Missouri, ACA

"*Your Ag Lender!*"

Serving Farmers in Southeast Missouri for over 100 years

/s/ Gregory M. Cunningham
President / Chief Executive Officer
Farm Credit Southeast Missouri, ACA

March 12, 2025

CONSOLIDATED FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA

Farm Credit Southeast Missouri, ACA

(dollars in thousands)

As of December 31,	**2024**	2023	2022	2021	2020
Condensed Consolidated Statement of Condition Data					
Loans	**$ 918,661**	$ 853,483	$ 872,187	$ 841,287	$ 751,512
Allowance for credit losses on loans	**2,109**	748	1,009	1,265	911
Net loans	**916,552**	852,735	871,178	840,022	750,601
Investment in AgriBank, FCB	**38,073**	35,821	27,518	22,899	19,392
Investment securities	**24,854**	30,883	22,366	16,726	21,111
Other assets	**41,908**	36,132	29,879	26,465	23,832
Total assets	**$ 1,021,387**	$ 955,571	$ 950,941	$ 906,112	$ 814,936
Obligations with maturities of one year or less	**$ 19,912**	$ 19,347	$ 18,163	$ 14,482	$ 13,490
Obligations with maturities greater than one year	**783,712**	728,516	736,861	706,978	628,749
Total liabilities	**803,624**	747,863	755,024	721,460	642,239
Capital stock and participation certificates	**1,660**	1,651	1,643	1,670	1,623
Unallocated retained earnings	**216,076**	206,027	194,247	182,982	171,076
Accumulated other comprehensive income (loss)	**27**	30	27	--	(2)
Total members' equity	**217,763**	207,708	195,917	184,652	172,697
Total liabilities and members' equity	**$ 1,021,387**	$ 955,571	$ 950,941	$ 906,112	$ 814,936

For the year ended December 31,	**2024**	2023	2022	2021	2020
Condensed Consolidated Statement of Income Data					
Net interest income	**$ 27,867**	$ 27,272	$ 25,823	$ 24,407	$ 23,152
Provision for credit losses	**1,305**	(41)	(237)	384	277
Other expenses, net	**7,510**	6,950	6,295	3,867	4,180
Net income	**$ 19,052**	$ 20,363	$ 19,765	$ 20,156	$ 18,695
Key Financial Ratios					
For the Year					
Return on average assets	**1.9%**	2.1%	2.1%	2.3%	2.4%
Return on average members' equity	**8.9%**	10.0%	10.3%	11.2%	11.2%
Net interest income as a percentage of average earning assets	**3.0%**	3.0%	3.0%	3.0%	3.1%
Net (recoveries) charge-offs as a percentage of average loans	**(0.0%)**	0.0%	0.0%	0.0%	0.0%
At Year End					
Members' equity as a percentage of total assets	**21.3%**	21.7%	20.6%	20.4%	21.2%
Allowance for credit losses on loans as a percentage of loans	**0.2%**	0.1%	0.1%	0.2%	0.1%
Common equity tier 1 ratio	**18.4%**	18.4%	18.0%	18.6%	19.5%
Tier 1 capital ratio	**18.4%**	18.4%	18.0%	18.6%	19.5%
Total capital ratio	**18.5%**	18.5%	18.1%	18.8%	19.7%
Permanent capital ratio	**18.5%**	18.4%	18.0%	18.7%	19.6%
Tier 1 leverage ratio	**18.7%**	18.8%	18.2%	18.6%	19.2%
Net Income Distributed					
For the Year					
Patronage distributions:					
Cash	**$ 8,753**	$ 8,500	$ 8,250	$ 7,750	$ 7,231

MANAGEMENT'S DISCUSSION AND ANALYSIS

Farm Credit Southeast Missouri, ACA

The following commentary reviews the consolidated financial condition and consolidated results of operations of Farm Credit Southeast Missouri, ACA (the Association) and its subsidiaries, Farm Credit Southeast Missouri, FLCA and Farm Credit Southeast Missouri, PCA, and provides additional specific information. The accompanying Consolidated Financial Statements and Notes to the Consolidated Financial Statements also contain important information about our financial condition and results of operations.

The Farm Credit System (System) is a federally chartered network of borrower-owned lending institutions comprised of cooperatives and related service organizations, established by Congress to meet the credit needs of American agriculture. As of January 1, 2025, the System consisted of three Farm Credit Banks, one Agricultural Credit Bank, and 55 borrower-owned cooperative lending institutions (associations). The System serves all 50 states, Washington D.C., and Puerto Rico. This network of financial cooperatives is owned and governed by the customers the System serves.

The AgriBank Farm Credit District (AgriBank District or the District) is primarily comprised of AgriBank, FCB (AgriBank), a System Farm Credit Bank, and its District associations. We are an association in the District.

The Farm Credit Administration (FCA) is authorized by Congress to regulate the System. The Farm Credit System Insurance Corporation (FCSIC) administers the Farm Credit Insurance Fund (Insurance Fund). The Insurance Fund is used to ensure the timely payment of principal and interest on Systemwide debt obligations, to ensure the retirement of protected borrower capital at par or stated value, and for other specified purposes.

Due to the nature of our financial relationship with AgriBank, the financial condition and results of operations of AgriBank materially impact our members' investment. To request free copies of AgriBank financial reports, contact us at:

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Our Annual Report is available on our website no later than 75 days after the end of the calendar year and members are provided a copy of such report no later than 90 days after the end of the calendar year. The Quarterly Reports are available on our website no later than 40 days after the end of each calendar quarter. To request free copies of our Annual or Quarterly Reports, contact us as stated above.

FORWARD-LOOKING INFORMATION

This Annual Report includes forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict. Words such as "anticipate", "believe", "estimate", "may", "expect", "intend", "outlook", and similar expressions are used to identify such forward-looking statements. These statements reflect our current views with respect to future events. However, actual results may differ materially from our expectations due to a number of risks and uncertainties which may be beyond our control. The information in this report is based on current knowledge and is subject to many risks and uncertainties including, but not limited to:

- Political (including trade policies, environmental policies, and civil unrest), legal, regulatory, financial markets, and economic conditions, or other conditions and developments in the United States (U.S.) and abroad
- Economic fluctuations, including inflationary indicators, in the agricultural, international, rural, and farm-related business sectors
- Weather-related, disease, and other adverse climatic or biological conditions that periodically occur and can impact agricultural productivity and income
- Changes in U.S. government support of the agricultural industry (including government support payments) and the System as a government-sponsored enterprise, as well as investor and rating agency reactions to events involving the U.S. government, other government-sponsored enterprises, and other financial institutions
- Actions taken by the Federal Reserve and U.S. Treasury in implementing monetary policy
- Cybersecurity risks, including a failure or breach of our operational or security systems or infrastructure, or those of our third-party vendors or other service providers
- Credit, interest rate, and liquidity risks inherent in our lending activities
- Disruptive technologies impacting the banking and financial services industries or implemented by our competitors which negatively impact our ability to compete in the marketplace
- Length and severity of an epidemic or pandemic
- Changes in our assumptions for determining the allowance for credit losses and fair value measurements
- Industry outlooks for agricultural conditions

AGRICULTURAL AND ECONOMIC CONDITIONS

Land Values: Average 2024 benchmark farmland value in our territory increased 4.3% compared to an increase of 15.4% and 14.1% in 2023 and 2022, respectively.

Commodity Prices: Low commodity prices remained during the fourth quarter of 2024 as projected ending stocks for corn and soybeans caused continued downward pressure on prices. The lower price environment and increase in production expenses are expected to result in negative margins for some producers. However, several years of elevated income and positive working capital have strengthened balance sheets for many producers leaving them well positioned to face the low-price environment.

Crop Conditions: Harvest was completed on schedule and some field work was completed to prepare for the spring 2025 planting season. Overall, yields were average for corn, cotton, and rice with average to below average yields reported for soybeans throughout most of the territory. The favorable fall weather allowed for winter wheat to be planted as expected.

LOAN PORTFOLIO

Loan Portfolio

Total accrual loans were $917.5 million at December 31, 2024, an increase of $66.3 million from December 31, 2023.

Components of Loans

(in thousands)

As of December 31,	**2024**	2023	2022
Accrual loans:			
Real estate mortgage	**$ 566,347**	$ 528,880	$ 528,982
Production and intermediate-term	**296,481**	272,356	287,362
Agribusiness	**34,715**	24,034	22,044
Other	**19,926**	25,908	33,361
Nonaccrual loans	**1,192**	2,305	438
Total loans	**$ 918,661**	$ 853,483	$ 872,187

The other category is composed of certain assets characterized as mission related investments, as well as rural residential real estate related loans.

The increase in accrual loans from December 31, 2023, was primarily due to growth in the real estate mortgage and production and intermediate-term loan portfolios.

We may purchase or sell participation interests with other parties to diversify risk, manage principal and accrued interest on loans, or comply with the limitations of the FCA Regulations or General Financing Agreement (GFA) with AgriBank.

Loan Participations Purchased and Sold

(in thousands)

As of December 31,	**2024**	2023	2022
Participations purchased	**$ 75,072**	$ 69,859	$ 54,256
Participations sold	**(125,746)**	(129,419)	(58,113)

We have no loans sold with recourse, retained subordinated participation interests in loans sold, or interests in pools of subordinated participation interest that are held in lieu of retaining a subordinated participation interest in the loans sold.

The Association participates in asset pool programs to effectively leverage District capital and other cooperative benefits, as well as manage concentration risk and portfolio growth. During 2024, we sold AgriBank participations of $7.9 million, representing a participation interest across the majority of our loan portfolio. These loan participations were added to the asset pool program established by AgriBank in 2023. In the past, we sold AgriBank participation interests primarily in real estate loans as part of asset pool programs. During the fourth quarter of 2023, we purchased the loans totaling $17.3 million from these prior asset pool programs back from AgriBank. Additionally, during the fourth quarter of 2023 we sold AgriBank participations of $81.7 million, representing a participation interest across the majority of our loan portfolio. The total outstanding participation interests in loans sold to AgriBank as part of asset pool programs were $125.7 million, $117.0 million, and $44.1 million at December 31, 2024, 2023, and 2022, respectively.

Typically, our production and intermediate-term loan portfolio exhibits some seasonality relating to patterns of operating loans made to crop producers. These loans are normally at their lowest levels following the harvest and then increase in the spring and throughout the rest of the year as borrowers fund operating needs.

We offer variable, fixed, indexed, and adjustable interest rate loan programs to our borrowers. We determine interest margins charged on each lending program based on cost of funds, credit risk, market conditions, and the need to generate sufficient earnings.

Portfolio Distribution

We are chartered to serve certain counties in Missouri. The remainder of our portfolio was purchased outside of the territory to support rural America and to diversify our portfolio risk. At December 31, 2024, approximately 83.8% of our total loan portfolio was in Butler, Stoddard, Dunklin, Scott, New Madrid, Mississippi, and Cape Girardeau. No other counties comprised more than 5.0% of our total loan portfolio at December 31, 2024.

Agricultural Industry Concentrations

As of December 31,	**2024**	2023	2022
Soybeans	**24.3%**	23.0%	22.2%
Cotton	**19.5%**	21.1%	21.6%
Rice	**16.1%**	16.7%	17.5%
Corn	**13.5%**	14.7%	15.1%
Landlords	**6.5%**	5.0%	5.0%
Livestock	**6.1%**	5.9%	6.4%
Processing and marketing	**3.4%**	2.3%	1.7%
Other	**10.6%**	11.3%	10.5%
Total	**100.0%**	100.0%	100.0%

Industry categories are based on the borrower's primary intended industry at the time of loan origination and may change due to borrower business decisions as a result of changes in weather, prices, input costs, and other circumstances.

Portfolio Credit Quality

The credit quality of our portfolio declined from December 31, 2023. Adversely classified loans increased to 1.0% of the portfolio at December 31, 2024, from 0.8% of the portfolio at December 31, 2023. Adversely classified loans are loans we have identified as showing some credit weakness according to our credit standards. We have considered portfolio credit quality in assessing the reasonableness of our allowance for credit losses on loans. Additional credit quality information is included in Note 3 to the accompanying Consolidated Financial Statements.

In certain circumstances, government agency guarantee programs are used to reduce the risk of loss. At December 31, 2024, $35.1 million of our loans were substantially guaranteed under these government programs.

Nonperforming Assets

Effective January 1, 2023, we adopted Accounting Standards Update 2016-13 "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." This guidance established a single allowance framework for all financial assets measured at amortized cost and certain off-balance sheet credit exposures and replaced the incurred loss guidance. This framework requires that management's estimate reflects credit losses over the asset's remaining expected life and considers expected future changes in macroeconomic conditions and is referred to as the Current Expected Credit Loss (CECL) model. The allowance for credit losses comprises the allowance for credit losses on loans, unfunded commitments, and investment securities.

Components of Nonperforming Assets

(dollars in thousands)

As of December 31,	**2024**	2023	2022
Loans:			
Nonaccrual	**$ 1,192**	$ 2,305	$ 438
Accruing loans 90 days or more past due	**336**	918	1,899
Total nonperforming loans	**1,528**	3,223	2,337
Other property owned	**--**	--	--
Total nonperforming assets	**$ 1,528**	$ 3,223	$ 2,337
Total nonperforming loans as a percentage of total loans	**0.2%**	0.4%	0.3%
Nonaccrual loans as a percentage of total loans	**0.1%**	0.3%	0.0%
Current nonaccrual loans as a percentage of total nonaccrual loans	**49.9%**	79.8%	57.1%
Total delinquencies as a percentage of total loans[1]	**0.3%**	0.5%	0.3%

[1]Total delinquencies include accrual and nonaccrual loans 30 days or more past due.

Note: Prior to the adoption of CECL, which was effective January 1, 2023, accruing loans included accrued interest receivable.

Our nonperforming assets have decreased from December 31, 2023, and remained at acceptable levels. Total nonperforming loans as a percentage of total loans were well within our established risk management guidelines.

The decrease in nonaccrual loans was primarily due to repayments on certain production and intermediate-term and real estate mortgage loans and the transfer of one property to other property owned, which subsequently sold during the fourth quarter of 2024. The decrease was partially offset by a few large production and intermediate-term loans that transferred to nonaccrual status during 2024. Nonaccrual loans remained at an acceptable level at December 31, 2024, 2023, and 2022.

The decrease in accruing loans 90 days or more past due was due to the payoff of one loan during 2024. All accruing loans 90 days or more past due were fully guaranteed by the United States Department of Agriculture. Our accounting policy requires loans past due 90 days or more to be transferred into nonaccrual status unless adequately secured and in the process of collection.

Allowance for Credit Losses on Loans

Effective January 1, 2023, the allowance for credit losses on loans is an estimate of expected credit losses in our portfolio. We determine the appropriate level of allowance for credit losses on loans based on a disciplined process and methodology that incorporates expected probabilities of default and loss given default based on historical portfolio performance, forecasts of future economic conditions, and management's judgment with respect to unique aspects of current and expected conditions that may not be contemplated in historical loss experience or forecasted economic conditions. Prior to January 1, 2023, the allowance for loan losses was an estimate of losses incurred on loans in our portfolio that were probable and estimable as of December 31, 2022.

Allowance for Credit Losses on Loans Coverage Ratios

As of December 31,	**2024**	2023	2022
Allowance for credit losses on loans as a percentage of:			
Loans	**0.2%**	0.1%	0.1%
Nonaccrual loans	**176.9%**	32.5%	230.4%
Total nonperforming loans	**138.0%**	23.2%	44.6%
Net (recoveries) charge-offs as a percentage of average loans	**(0.0%)**	0.0%	0.0%
Adverse assets to capital and allowance for credit losses on loans	**4.1%**	3.3%	2.5%

Total allowance for credit losses on loans was $2.1 million, $748 thousand, and $1.0 million at December 31, 2024, 2023, and 2022, respectively. The increase from December 31, 2023, was primarily related to an increase in specific reserves for undercollateralized loans as well as increases to the general reserve throughout the year.

Additional loan information is included in Notes 3, 10, 11, and 12 to the accompanying Consolidated Financial Statements.

INVESTMENT SECURITIES

In addition to loans, we held investment securities. Investment securities totaled $24.9 million, $30.9 million, and $22.4 million at December 31, 2024, 2023, and 2022, respectively. Our investment securities consisted of pools of loans fully guaranteed by the Small Business Administration.

Effective January 1, 2023, we adopted CECL, which amended the previous other-than-temporary impairment model for investment securities to incorporate an allowance for credit losses on investment securities. There was no allowance for credit losses on investment securities at December 31, 2024, or 2023, as all of our investment portfolio carries a full faith and credit guarantee of the U.S. government or an implicit credit guarantee from its agencies and have an immaterial risk of credit loss. Additional information regarding the CECL adoption is included in Note 2 to the accompanying Consolidated Financial Statements. Prior to January 1, 2023, the investment securities portfolio was evaluated for other-than-temporary impairment. For the year ended December 31, 2022, we did not recognize any impairment on our investment securities portfolio.

Additional investment securities information is included in Note 5 to the accompanying Consolidated Financial Statements.

RESULTS OF OPERATIONS

Profitability Information

(dollars in thousands)

For the year ended December 31,	**2024**	2023	2022
Net income	**$ 19,052**	$ 20,363	$ 19,765
Return on average assets	**1.9%**	2.1%	2.1%
Return on average members' equity	**8.9%**	10.0%	10.3%

Changes presented in the profitability information table relate directly to:

- Changes in net income discussed in this section
- Changes in assets discussed in the Loan Portfolio and Investment Securities sections
- Changes in capital discussed in the Capital Adequacy section

Changes in Significant Components of Net Income

	For the year ended December 31,			Increase (decrease) in net income	
(in thousands)	**2024**	2023	2022	**2024 vs 2023**	2023 vs 2022
Net interest income	**$ 27,867**	$ 27,272	$ 25,823	**$ 595**	$ 1,449
Provision for credit losses	**1,305**	(41)	(237)	**(1,346)**	(196)
Non-interest income	**6,261**	6,339	5,916	**(78)**	423
Non-interest expense	**14,092**	13,337	12,040	**(755)**	(1,297)
(Benefit from) provision for income taxes	**(321)**	(48)	171	**273**	219
Net income	**$ 19,052**	$ 20,363	$ 19,765	**$ (1,311)**	$ 598

Net Interest Income

Changes in Net Interest Income

(in thousands)

For the year ended December 31,	**2024 vs 2023**	2023 vs 2022
Changes in volume	**$ 962**	$ 407
Changes in interest rates	**(535)**	1,078
Changes in nonaccrual interest income and other	**168**	(36)
Net change	**$ 595**	$ 1,449

Net interest income included income on nonaccrual loans that totaled $197 thousand, $29 thousand, and $65 thousand in 2024, 2023, and 2022, respectively. Nonaccrual interest income is recognized when received in cash, collection of the recorded investment is fully expected, and prior charge-offs have been recovered.

Net interest margin (net interest income as a percentage of average earning assets) was 3.0% in 2024, 2023, and 2022. Our net interest margin is sensitive to interest rate changes and competition.

Provision for Credit Losses

The "Provision for credit losses" in the Consolidated Statements of Comprehensive Income includes a provision for credit losses on loans as well as a provision for credit losses on unfunded commitments. The increase was primarily related to the specific reserves recorded on certain undercollateralized production and intermediate-term loans which were transferred to nonaccrual status during 2024. Additional information is included in Note 3 to the accompanying Consolidated Financial Statements.

Non-Interest Expense

Components of Non-Interest Expense

(dollars in thousands)

For the year ended December 31,	**2024**	2023	2022
Salaries and employee benefits	**$ 7,212**	$ 6,652	$ 6,126
Other operating expense:			
Purchased and vendor services	**2,980**	2,504	2,025
Communications	**108**	102	103
Occupancy and equipment	**1,052**	974	739
Advertising and promotion	**698**	649	613
Examination	**374**	336	310
Farm Credit System insurance	**719**	1,252	1,347
Other	**846**	799	688
Other non-interest expense	**103**	69	89
Total non-interest expense	**$ 14,092**	$ 13,337	$ 12,040
Operating rate[1]	**1.5%**	1.5%	1.4%

[1]Salaries and employee benefits and other operating expense divided by average earning assets.

(Benefit from) Provision for Income Taxes

The change in (benefit from) provision for income taxes was primarily related to decreased taxable entity income and increased patronage distributions. Patronage distributions to members reduced our tax liability in 2024, 2023, and 2022. Additional disclosure is included in Note 8 to the accompanying Consolidated Financial Statements.

FUNDING AND LIQUIDITY

We borrow from AgriBank, under a note payable, in the form of a line of credit, as described in Note 6 to the accompanying Consolidated Financial Statements. This line of credit is our primary source of liquidity and is used to fund operations and meet current obligations. At December 31, 2024, we had $411.1 million available under our line of credit. We generally apply excess cash to this line of credit. Due to the cooperative structure of the Farm Credit System and as we are a stockholder of AgriBank, we expect this borrowing relationship to continue into the foreseeable future. We also fund our portfolio from equity.

Note Payable Information

(dollars in thousands) For the year ended December 31,	**2024**	2023	2022
Average balance	**$ 767,008**	$ 742,668	$ 723,049
Average interest rate	**3.7%**	3.2%	2.1%

Our average cost of funds is variable and may fluctuate based on the current interest rate environment.

The repricing attributes of our line of credit generally correspond to the repricing attributes of our loan portfolio, which significantly reduces our market interest rate risk. However, we maintain some exposure to interest rates, primarily from loans to customers which may not have a component of our line of credit with an exact repricing attribute.

We had a Standby Commitment to Purchase Agreement with the Federal Agricultural Mortgage Corporation (Farmer Mac), a System institution, to help manage credit risk. If a loan covered by the agreement went into default, subject to certain conditions, we had the right to sell the loan to Farmer Mac. As of December 31, 2023, we terminated our agreement with Farmer Mac. There were no loans with guaranteed principal and accrued interest subject to the purchase agreement at December 31, 2024. The guaranteed principal and accrued interest of loans subject to the purchase agreement was $7.9 million and $8.5 million at December 31, 2023, and 2022, respectively. We paid Farmer Mac commitment fees totaling $2 thousand, $38 thousand, and $40 thousand in 2024, 2023, and 2022, respectively. These amounts are included in “Fee income (expense), net” in the Consolidated Statements of Comprehensive Income. No loans were sold to Farmer Mac under this agreement during 2024, 2023, or 2022.

CAPITAL ADEQUACY

Total members’ equity was $217.8 million, $207.7 million, and $195.9 million at December 31, 2024, 2023, and 2022, respectively. Total members’ equity increased $10.1 million from December 31, 2023, primarily due to net income for the year, partially offset by patronage distribution accruals.

The FCA Regulations require us to maintain minimums for our common equity tier 1, tier 1 capital, total capital, and permanent capital risk-based capital ratios. In addition, the FCA requires us to maintain minimums for our non-risk-adjusted ratios of tier 1 leverage and unallocated retained earnings and equivalents leverage.

Regulatory Capital Requirements and Ratios

As of December 31,	**2024**	2023	2022	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:						
Common equity tier 1 ratio	**18.4%**	18.4%	18.0%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**18.4%**	18.4%	18.0%	6.0%	2.5%	8.5%
Total capital ratio	**18.5%**	18.5%	18.1%	8.0%	2.5%	10.5%
Permanent capital ratio	**18.5%**	18.4%	18.0%	7.0%	N/A	7.0%
Non-risk-adjusted:						
Tier 1 leverage ratio	**18.7%**	18.8%	18.2%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**18.5%**	18.6%	18.0%	1.5%	N/A	1.5%

Our capital plan is designed to maintain an adequate amount of retained earnings and allowance for credit losses which represents our reserve for adversity prior to impairment of stock. We manage our capital to allow us to meet member needs and protect member interests, both now and in the future.

Capital ratios are directly impacted by changes in capital, assets, and off-balance sheet commitments. Refer to the Loan Portfolio and the Investment Securities sections for further discussion of the changes in assets. Additional information on regulatory ratios and members’ equity information is included in Note 7 to the accompanying Consolidated Financial Statements and information on off-balance sheet commitments is included in Note 11 to the accompanying Consolidated Financial Statements.

In addition to these regulatory requirements, we establish an optimum total capital target. This target allows us to maintain a capital base adequate for future growth and investment in new products and services. The target is subject to revision as circumstances change. Our optimum total capital target is 14.5%, as defined in our 2025 capital plan.

If the capital ratios fall below the total requirements, including the buffer amounts, capital distributions (equity redemptions, dividends, and patronage) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval. We do not foresee any events that would result in this prohibition in 2025.

RELATIONSHIP WITH AGRIBANK

Borrowing

We borrow from AgriBank to fund our lending operations in accordance with the Farm Credit Act. Approval from AgriBank is required for us to borrow elsewhere. A GFA, as described in Note 6 to the accompanying Consolidated Financial Statements, governs this lending relationship.

The components of cost of funds under the GFA include:

- A marginal cost of debt component
- A spread component, which includes cost of servicing, cost of liquidity, and bank profit
- A risk premium component, if applicable

In the periods presented, we were not subject to the risk premium component. Certain factors may impact our cost of funds, which primarily include market interest rate changes impacting marginal cost of debt as well as changes to pricing methodologies impacting the spread components described above.

The marginal cost of debt approach simulates matching the cost of underlying debt with similar terms as the anticipated terms of our loans to borrowers. This approach substantially protects us from market interest rate risk. We may occasionally engage in funding strategies that result in limited interest rate risk with approval by AgriBank's Asset/Liability Committee.

Investment

We are required to invest in AgriBank capital stock as a condition of borrowing. This investment may be in the form of purchased stock or stock representing distributed AgriBank retained earnings. As of December 31, 2024, we were required by AgriBank to maintain an investment equal to 3.1% of the average quarterly balance of our note payable. The required investment will remain unchanged for 2025 at 3.1%. In addition to the required investment based on the note payable, we are also required to hold additional investment in AgriBank for asset pool programs we participate in, which are typically capitalized at a higher rate that is mutually agreed upon in the asset pool program agreements.

Patronage

AgriBank's capital plan is intended to provide for adequate capital at AgriBank under capital regulations as well as to create a path to long-term capital optimization within the AgriBank District. The plan optimizes capital at AgriBank; distributing available AgriBank earnings in the form of patronage, either cash or AgriBank stock, which is at the sole discretion of the AgriBank Board of Directors. The plan is designed to maintain capital adequacy such that sufficient earnings will be retained in the form of unallocated retained earnings and allocated stock to meet the leverage ratio target and other regulatory or policy constraints prior to any cash patronage distributions.

Purchased Services

We purchase certain business services, primarily financial reporting, from AgriBank. Additional related party information is included in Note 10 to the accompanying Consolidated Financial Statements.

Impact on Members' Investment

Due to the nature of our financial relationship with AgriBank, the financial condition and results of operations of AgriBank materially impact our members' investment.

OTHER RELATIONSHIPS AND PROGRAMS

Relationships with Other Farm Credit Institutions

Agri-Access: We participate in the Agri-Access asset pool program which focuses on providing financing for agricultural real estate loans and leases through a network of non-Farm Credit lenders across the U.S. The program is facilitated by another AgriBank District association where all loans and leases in the program are originated and serviced. We pay the facilitating association fees to originate and service the loans. We sell to AgriBank our entire interest in the loans associated with Agri-Access. As part of this program, we receive patronage income at the sole discretion of the AgriBank Board of Directors.

CentRic Technology Collaboration: We participate in CentRic Technology Collaboration (CTC) with certain other AgriBank District associations. The CTC facilitates the development and maintenance of certain retail technology systems essential to providing credit and other services to our members. The CTC operations are governed by representatives of each participating association. The expenses of CTC are allocated to each of the participating associations based on an agreed upon formula. The systems developed are owned by each of the participating associations.

SunStream Business Services: We have a relationship with SunStream Business Services (SunStream), a System service corporation, which involves purchasing the following services: financial and retail information technology, collateral, tax reporting, and insurance. As of December 31, 2024, 2023, and 2022, our investment in SunStream was $263 thousand, $263 thousand, and $226 thousand, respectively. Additional related party information is included in Note 10 to the accompanying Consolidated Financial Statements. We also guarantee the amounts borrowed by SunStream on their line of credit with AgriBank, up to $50.0 million. Refer to Note 11 to the accompanying Consolidated Financial Statements for further disclosure.

Farm Credit Foundations: We have a relationship with Farm Credit Foundations (Foundations), a System service corporation, which involves purchasing human resource, benefit, payroll, and workforce management services. As of December 31, 2024, 2023, and 2022, our investment in Foundations was $11 thousand. Additional related party information is included in Note 10 to the accompanying Consolidated Financial Statements.

Programs

Farm Cash Management: We offer Farm Cash Management to our members. Farm Cash Management links members' revolving lines of credit with an AgriBank investment bond to optimize members' use of funds.

REPORT OF MANAGEMENT

Farm Credit Southeast Missouri, ACA

We prepare the Consolidated Financial Statements of Farm Credit Southeast Missouri, ACA (the Association) and are responsible for their integrity and objectivity, including amounts that must necessarily be based on judgments and estimates. The Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Consolidated Financial Statements, in our opinion, fairly present the financial condition of the Association. Other financial information included in the Annual Report is consistent with that in the Consolidated Financial Statements.

To meet our responsibility for reliable financial information, we depend on accounting and internal control systems designed to provide reasonable but not absolute assurance that assets are safeguarded and transactions are properly authorized and recorded. Costs must be reasonable in relation to the benefits derived when designing accounting and internal control systems. Financial operations audits are performed to monitor compliance. PricewaterhouseCoopers LLP, our independent auditors, audit the Consolidated Financial Statements. They also consider internal controls to the extent necessary to design audit procedures that comply with auditing standards generally accepted in the United States of America. The Farm Credit Administration also performs examinations for safety and soundness as well as compliance with applicable laws and regulations.

The Board of Directors has overall responsibility for our system of internal control and financial reporting. The Board of Directors and its Audit Committee consults regularly with us and meets periodically with the independent auditors and other auditors to review the scope and results of their work. The independent auditors have direct access to the Board of Directors, which is composed solely of directors who are not officers or employees of the Association.

The undersigned certify we have reviewed the Association's Annual Report, which has been prepared in accordance with all applicable statutory or regulatory requirements. The information contained herein is true, accurate, and complete to the best of our knowledge and belief.

/s/ Ed C. Marshall III
Chairperson of the Board
Farm Credit Southeast Missouri, ACA

/s/ Gregory M. Cunningham
President / Chief Executive Officer
Farm Credit Southeast Missouri, ACA

/s/ Michelle M. Beacham
Executive Vice President / Chief Financial Officer
Farm Credit Southeast Missouri, ACA

March 12, 2025

REPORT OF AUDIT COMMITTEE

Farm Credit Southeast Missouri, ACA

The Consolidated Financial Statements were prepared under the oversight of the Audit Committee. The Audit Committee is composed of a subset of the Board of Directors of Farm Credit Southeast Missouri, ACA (the Association). The Audit Committee oversees the scope of the Association's internal audit program, the approval and independence of PricewaterhouseCoopers LLP (PwC) as independent auditors, the adequacy of the Association's system of internal controls and procedures, and the adequacy of management's actions with respect to recommendations arising from those auditing activities. The Audit Committee's responsibilities are described more fully in the Internal Control Policy and the Audit Committee Charter.

Management is responsible for internal controls and the preparation of the Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America. PwC is responsible for performing an independent audit of the Consolidated Financial Statements in accordance with auditing standards generally accepted in the United States of America and to issue their report based on their audit. The Audit Committee's responsibilities include monitoring and overseeing these processes.

In this context, the Audit Committee reviewed and discussed the audited Consolidated Financial Statements for the year ended December 31, 2024, with management. The Audit Committee also reviewed with PwC the matters required to be discussed by Statement on Auditing Standards AU-C 260, *The Auditor's Communication with Those Charged with Governance*, and both PwC and the internal auditor directly provided reports on any significant matters to the Audit Committee.

The Audit Committee had discussions with and received written disclosures from PwC confirming its independence. The Audit Committee also reviewed the non-audit services provided by PwC, if any, and concluded these services were not incompatible with maintaining PwC's independence. The Audit Committee discussed with management and PwC any other matters and received any assurances from them as the Audit Committee deemed appropriate.

Based on the foregoing review and discussions, and relying thereon, the Audit Committee recommended the audited Consolidated Financial Statements be included in the Annual Report for the year ended December 31, 2024.

/s/ Philip M. Showmaker
Chairperson of the Audit Committee
Farm Credit Southeast Missouri, ACA

Audit Committee Members:
Laura Hunter Collins
Ed C. Marshall III
Tracy Robison
Markel D. Yarbro

March 12, 2025

Report of Independent Auditors

To the Board of Directors of Farm Credit Southeast Missouri, ACA:

Opinion

We have audited the accompanying consolidated financial statements of Farm Credit Southeast Missouri, ACA and its subsidiaries (the "Association"), which comprise the consolidated statements of condition as of December 31, 2024, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in members' equity and cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2024, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, the Association changed the manner in which it accounts for the allowance for credit losses in 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

PricewaterhouseCoopers LLP, 45 South Seventh Street, Suite 3400, Minneapolis, MN 55402
T: (612) 596 6000, F: (612) 373 7160, www.pwc.com

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the information included in the 2024 Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

PricewaterhouseCoopers LLP

Minneapolis, Minnesota
March 12, 2025

CONSOLIDATED STATEMENTS OF CONDITION

Farm Credit Southeast Missouri, ACA

(in thousands)

As of December 31,	**2024**	2023	2022
ASSETS			
Loans	**$ 918,661**	$ 853,483	$ 872,187
Allowance for credit losses on loans	**2,109**	748	1,009
Net loans	**916,552**	852,735	871,178
Investment in AgriBank, FCB	**38,073**	35,821	27,518
Investment securities	**24,854**	30,883	22,366
Accrued interest receivable	**27,603**	23,062	18,526
Other assets	**14,305**	13,070	11,353
Total assets	**$ 1,021,387**	$ 955,571	$ 950,941
LIABILITIES			
Note payable to AgriBank, FCB	**$ 783,712**	$ 728,516	$ 736,861
Accrued interest payable	**7,458**	6,633	5,212
Patronage distribution payable	**9,000**	8,750	8,500
Other liabilities	**3,454**	3,964	4,451
Total liabilities	**803,624**	747,863	755,024
Contingencies and commitments (Note 11)			
MEMBERS' EQUITY			
Capital stock and participation certificates	**1,660**	1,651	1,643
Unallocated retained earnings	**216,076**	206,027	194,247
Accumulated other comprehensive income	**27**	30	27
Total members' equity	**217,763**	207,708	195,917
Total liabilities and members' equity	**$ 1,021,387**	$ 955,571	$ 950,941

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Farm Credit Southeast Missouri, ACA

(in thousands)

For the year ended December 31,		2024		2023		2022
Interest income	**$**	**56,137**	$	50,923	$	40,993
Interest expense		**28,270**		23,651		15,170
Net interest income		**27,867**		27,272		25,823
Provision for credit losses		**1,305**		(41)		(237)
Net interest income after provision for credit losses		**26,562**		27,313		26,060
Non-interest income						
Patronage income		**4,729**		5,197		4,788
Financially related services income		**1,136**		1,173		1,235
Fee income (expense), net		**125**		(91)		(176)
Other non-interest income		**271**		60		69
Total non-interest income		**6,261**		6,339		5,916
Non-interest expense						
Salaries and employee benefits		**7,212**		6,652		6,126
Other operating expense		**6,777**		6,616		5,825
Other non-interest expense		**103**		69		89
Total non-interest expense		**14,092**		13,337		12,040
Income before income taxes		**18,731**		20,315		19,936
(Benefit from) provision for income taxes		**(321)**		(48)		171
Net income	**$**	**19,052**	$	20,363	$	19,765
Other comprehensive (loss) income						
Employee benefit plans activity	**$**	**(3)**	$	3	$	27
Total other comprehensive (loss) income		**(3)**		3		27
Comprehensive income	**$**	**19,049**	$	20,366	$	19,792

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Farm Credit Southeast Missouri, ACA

(in thousands)

	Capital Stock and Participation Certificates	Unallocated Retained Earnings	Accumulated Other Comprehensive Income	Total Members' Equity
Balance as of December 31, 2021	$ 1,670	$ 182,982	$ --	$ 184,652
Net income	--	19,765	--	19,765
Other comprehensive income	--	--	27	27
Unallocated retained earnings designated for patronage distributions	--	(8,500)	--	(8,500)
Capital stock and participation certificates issued	113	--	--	113
Capital stock and participation certificates retired	(140)	--	--	(140)
Balance as of December 31, 2022	1,643	194,247	27	195,917
Cumulative effect of change in accounting principle	--	167	--	167
Net income	--	20,363	--	20,363
Other comprehensive income	--	--	3	3
Unallocated retained earnings designated for patronage distributions	--	(8,750)	--	(8,750)
Capital stock and participation certificates issued	111	--	--	111
Capital stock and participation certificates retired	(103)	--	--	(103)
Balance as of December 31, 2023	1,651	206,027	30	207,708
Net income	**--**	**19,052**	**--**	**19,052**
Other comprehensive loss	**--**	**--**	**(3)**	**(3)**
Unallocated retained earnings designated for patronage distributions	**--**	**(9,003)**	**--**	**(9,003)**
Capital stock and participation certificates issued	**92**	**--**	**--**	**92**
Capital stock and participation certificates retired	**(83)**	**--**	**--**	**(83)**
Balance as of December 31, 2024	**$ 1,660**	**$ 216,076**	**$ 27**	**$ 217,763**

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Farm Credit Southeast Missouri, ACA

(in thousands)

For the year ended December 31,	**2024**	2023	2022
Cash flows from operating activities			
Net income	**$ 19,052**	$ 20,363	$ 19,765
Depreciation on premises and equipment	**381**	360	253
Loss (gain) on sale of premises and equipment, net	**3**	(3)	(5)
Net amortization of premiums on loans and investment securities	**802**	825	840
Provision for credit losses	**1,305**	(41)	(237)
Stock patronage received from AgriBank, FCB	**(1,102)**	(1,210)	(2,998)
Loss on other property owned, net	**9**	--	--
Changes in operating assets and liabilities:			
Increase in accrued interest receivable	**(5,587)**	(5,242)	(4,171)
(Increase) decrease in other assets	**(1,292)**	(1,554)	791
Increase in accrued interest payable	**825**	1,421	2,571
(Decrease) increase in other liabilities	**(513)**	(476)	887
Net cash provided by operating activities	**13,883**	14,443	17,696
Cash flows from investing activities			
(Increase) decrease in loans, net	**(64,347)**	19,098	(31,022)
Purchases of investment in AgriBank, FCB, net	**(1,150)**	(7,093)	(1,621)
Purchases of investment in other Farm Credit institutions, net	**--**	(38)	(36)
Purchases of investment securities	**(1,991)**	(13,908)	(10,658)
Proceeds from investment securities	**7,421**	4,868	4,615
Proceeds from sales of other property owned	**90**	--	--
Purchases of premises and equipment, net	**(327)**	(482)	(550)
Net cash (used in) provided by investing activities	**(60,304)**	2,445	(39,272)
Cash flows from financing activities			
Increase (decrease) in note payable to AgriBank, FCB, net	**55,196**	(8,345)	29,883
Patronage distributions paid	**(8,753)**	(8,500)	(8,250)
Capital stock and participation certificates retired, net	**(22)**	(43)	(57)
Net cash provided by (used in) financing activities	**46,421**	(16,888)	21,576
Net change in cash	**--**	--	--
Cash at beginning of year	**--**	--	--
Cash at end of year	**$ --**	$ --	$ --
Supplemental information			
Interest paid	**$ 27,445**	$ 22,230	$ 12,599
Taxes paid, net	**1**	1	68

The accompanying notes are an integral part of these Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Farm Credit Southeast Missouri, ACA

NOTE 1: ORGANIZATION AND OPERATIONS

Farm Credit System and District

The Farm Credit System (System) is a federally chartered network of borrower-owned lending institutions comprised of cooperatives and related service organizations, established by Congress to meet the credit needs of American agriculture. As of January 1, 2025, the System consisted of three Farm Credit Banks, one Agricultural Credit Bank, and 55 borrower-owned cooperative lending institutions (associations). The AgriBank Farm Credit District (AgriBank District or the District) is primarily comprised of AgriBank, FCB (AgriBank), a System Farm Credit Bank, and its District associations. The AgriBank District associations consist of Agricultural Credit Associations (ACA) that each have wholly-owned Federal Land Credit Association (FLCA) and Production Credit Association (PCA) subsidiaries.

FLCAs are authorized to originate long-term real estate mortgage loans. PCAs are authorized to originate short-term and intermediate-term loans. ACAs are authorized to originate long-term real estate mortgage loans and short-term and intermediate-term loans either directly or through their subsidiaries. Associations are authorized to provide lease financing options for agricultural purposes and are also authorized to purchase and hold certain types of investments. AgriBank provides funding to all associations chartered within the District.

Associations are authorized to provide, either directly or in participation with other lenders, credit and related services to eligible borrowers. Eligible borrowers may include farmers, ranchers, producers or harvesters of aquatic products, rural residents, and farm-related service businesses. In addition, associations can participate with other lenders in loans to similar entities. Similar entities are parties that are not eligible for a loan from a System lending institution, but have operations that are functionally similar to the activities of eligible borrowers.

The Farm Credit Administration (FCA) is authorized by Congress to regulate the System banks and associations. We are examined by the FCA and certain association actions are subject to the prior approval of the FCA and/or AgriBank.

The Farm Credit System Insurance Corporation (FCSIC) administers the Farm Credit Insurance Fund (Insurance Fund). The Insurance Fund is used to ensure the timely payment of principal and interest on Systemwide debt obligations, to ensure the retirement of protected borrower capital at par or stated value, and for other specified purposes.

At the discretion of the FCSIC, the Insurance Fund is also available to provide assistance to certain troubled System institutions and for the operating expenses of the FCSIC. Each System bank is required to pay premiums into the Insurance Fund until the assets in the Insurance Fund reach the “secure base amount”, which is defined in the Farm Credit Act as 2.0% of the aggregate outstanding insured obligations adjusted to reflect the reduced risk on loans or investments guaranteed by federal or state governments. This percentage of aggregate obligations can be changed by the FCSIC, at its sole discretion, to a percentage it determines to be actuarially sound. When the amount in the Insurance Fund exceeds the secure base amount, the FCSIC is required to reduce premiums and, under certain circumstances, is required to transfer excess funds to establish Allocated Insurance Reserves Accounts (AIRAs). The FCSIC may also distribute all or a portion of the AIRAs to the System banks, which AgriBank passes on as income to the associations. The basis for assessing premiums is insured debt. Nonaccrual loans and impaired investment securities are assessed a surcharge, while guaranteed loans and investment securities are deductions from the premium base. AgriBank, in turn, assesses premiums to District associations each year based on similar factors.

Association

Farm Credit Southeast Missouri, ACA (the Association) and its subsidiaries, Farm Credit Southeast Missouri, FLCA and Farm Credit Southeast Missouri, PCA (subsidiaries) are lending institutions of the System. We are a borrower-owned cooperative providing credit and credit-related services to, or for the benefit of, eligible members for qualified agricultural purposes in the counties of Bollinger, Butler, Cape Girardeau, Carter, Dunklin, Mississippi, New Madrid, Pemiscot, Ripley, Scott, Stoddard, and Wayne in the state of Missouri.

We borrow from AgriBank and provide financing and related services to our members. Our ACA holds all the stock of the FLCA and PCA subsidiaries and holds certain types of investments.

We offer credit life, term life, crop hail, and multi-peril crop insurance to borrowers and those eligible to borrow.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Principles and Reporting Policies

Our accounting and reporting policies conform to generally accepted accounting principles in the United States of America (GAAP) and the prevailing practices within the financial services industry. Preparing financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Principles of Consolidation

The Consolidated Financial Statements present the consolidated financial results of Farm Credit Southeast Missouri, ACA and its subsidiaries. All material intercompany transactions and balances have been eliminated in consolidation.

Significant Accounting Policies

Loans: Loans are carried at their principal amount outstanding, net of any unearned income, cumulative net charge-offs, unamortized deferred fees and costs on originated loans, and unamortized premiums or discounts on purchased loans. Loan interest is accrued and credited to interest income based upon the daily principal amount outstanding. Origination fees, net of related costs, are deferred and recognized over the life of the loan as an adjustment to net interest income.

A loan is considered contractually past due when any principal repayment or interest payment required by the loan instrument is not received on or before the due date. A loan remains contractually past due until certain modifications are completed or until the entire amount past due, including principal, accrued interest and penalty interest incurred as the result of past due status, is collected or otherwise discharged in full.

Generally, loans are placed in nonaccrual status when principal or interest is delinquent for 90 days or more (unless adequately secured and in the process of collection) or circumstances indicate that full collection is not expected. When a loan is placed in nonaccrual status, and the interest is determined to be both uncollectible and the loss is known, we immediately reverse current year accrued interest to the extent principal plus accrued interest exceeds the net realizable value of the collateral prior to reclassification. When we deem a loan to be uncollectible, we charge the loan principal and prior year(s) accrued interest against the allowance for credit losses on loans. Subsequent recoveries, if any, are added to the allowance for credit losses on loans. Any cash received on nonaccrual loans is applied to reduce the carrying amount in the loan, except in those cases where the collection of the carrying amount is fully expected and certain other criteria are met. In these circumstances, interest is credited to income when cash is received. Loans are charged-off at the time they are determined to be uncollectible. Nonaccrual loans may be returned to accrual status when principal and interest are current, the customer's ability to fulfill the contractual payment terms is fully expected, and, if the loan was past due when placed in nonaccrual status, the loan has evidence of sustained performance in making on-time contractual payments (typically based on payment frequency).

Loan modifications may be granted to borrowers experiencing financial difficulty. Modifications are one or a combination of principal forgiveness, interest rate reduction, other-than-insignificant term extension, or other-than-insignificant payment deferrals. Other-than-insignificant term extensions are defined as those greater than or equal to six months. Covenant waivers and modifications of contingent acceleration clauses are not considered term extensions. Other-than-insignificant payment deferrals are defined as cumulative or individual payment delays greater than or equal to six months. In situations when more than two types of modifications are granted on the same loan we only report the two most material modification types.

Prior to January 1, 2023, in situations where, for economic or legal reasons related to the borrower's financial difficulties, we granted a concession for other than an insignificant period of time to the borrower that we would not have otherwise considered, the related loan was classified as a troubled debt restructuring (TDR), also known as a formally restructured loan for regulatory purposes. A concession was generally granted to minimize economic loss and avoid foreclosure. Concessions varied by program and borrower and may have included interest rate reductions, term extensions, payment deferrals, or an acceptance of additional collateral in lieu of payments. In limited circumstances, principal may have been forgiven. Loans classified as TDRs were considered risk loans. There may have been modifications made in the normal course of business that were not considered TDRs.

Loans that are sold as participations are transferred as entire financial assets, groups of entire financial assets, or participating interests in the loans. The transfers of such assets or participating interests are structured such that control over the transferred assets, or participating interests have been surrendered and that all the conditions have been met to be accounted for as a sale.

Allowance for Credit Losses: Effective January 1, 2023, we adopted Accounting Standards Update (ASU) 2016-13 "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." This guidance established a single allowance framework for all financial assets measured at amortized cost and certain off-balance sheet credit exposures and replaced the incurred loss guidance. This framework requires that management's estimate reflects credit losses over the asset's remaining expected life and considers expected future changes in macroeconomic conditions and is referred to as the Current Expected Credit Loss (CECL) model. The allowance for credit losses (ACL) comprises the allowance for credit losses on loans, unfunded commitments, and investment securities.

Allowance for Credit Losses on Loans
Beginning January 1, 2023, the allowance for credit losses on loans (ACLL) represents the estimated current expected credit losses on the loan portfolio over the remaining contractual life of the loan portfolio adjusted for expected prepayments. The ACLL takes into consideration relevant information about past events, current conditions, and reasonable and supportable macroeconomic forecasts of future conditions. The contractual term excludes expected extensions, renewals, and modifications unless the extension or renewal options are not unconditionally cancellable.

The ACLL is increased through provisions for credit losses on loans and loan recoveries and is decreased through reversals of provision for credit losses on loans and loan charge-offs. The provision activity is included as part of the "Provision for credit losses" in the Consolidated Statements of Comprehensive Income.

Determining the appropriateness of the ACLL is complex and requires judgment by management about the effect of matters that are inherently uncertain. Loans are evaluated on the amortized cost basis, which includes unamortized premiums and discounts.

We employ a disciplined process and methodology to establish the ACLL that has two basic components: first, an asset-specific component involving individual loans that do not share risk characteristics with other loans and the measurement of expected credit losses for such individual loans; and second, a pooled component for estimated expected credit losses for pools of loans that share similar risk characteristics. When a loan does not share risk characteristics with other loans, expected credit loss is measured as the difference between the amortized cost basis in the loan and the present value of expected future cash flows discounted at the loan's effective interest rate except that, for collateral-dependent loans, credit loss is measured as the difference between the amortized cost basis in the loan and the fair value of the underlying collateral. If the calculated expected credit loss is determined to be permanent, fixed or non-recoverable, the credit loss portion of the loan will be charged-off against the ACLL. For more information see the Collateral Dependent Loans policy in the significant accounting policies section of this report.

In estimating the pooled component of the ACLL that share common risk characteristics, loans are pooled and segregated into loan classes based on loan type, commodity, and internal risk rating. For reporting purposes, the portfolio is classified by loan type. We utilize a model to calculate an expected life-of-loan loss percentage for each loan pool by considering the probability of default, based on the migration of loans from performing to loss by internal risk rating, and the loss given default, based on historical experience. Loan borrower characteristics are also utilized and include internal risk ratings, delinquency status, and the remaining term of the loan, adjusted for expected prepayments.

In order to calculate this estimated migration of loans from performing to loss, we utilize a single economic scenario over a reasonable and supportable forecast period of three years. The economic forecasts are updated on a quarterly basis and include macroeconomic variables such as net farm income, unemployment rates, real gross domestic product levels, housing price index, and agricultural land values. Subsequent to the forecast period, our model applies a smoothed reversion to historical loss experience to estimate losses for the remaining estimated contractual life of the portfolio.

The final credit loss estimate also considers factors not reflected in the economic forecast and historical loss experience due to the unique aspects of current conditions and expectations. These factors may include, but are not limited to: lending policies and procedures, experience and depth of lending staff, credit quality and delinquency trends, individual borrower and industry concentrations, national, regional, and local economic business conditions and developments, collateral value trends, and expected performance of specific industry sectors not reflected in the economic forecast. Consideration of these factors, as well as the imprecision inherent in the process and methodology may lead to a management adjustment to the modeled ACLL results. Expected credit loss estimates also include consideration of expected cash recoveries on loans previously charged-off or expected recoveries on collateral dependent loans where recovery is expected through sale of the collateral.

Prior to January 1, 2023, the allowance for loan losses was an estimate of losses inherent in our loan portfolio as of the financial statement date. We determined the appropriate level of allowance for loan losses based on quarterly evaluation of factors such as loan loss history, estimated probability of default, estimated loss given default, portfolio quality, and current economic and environmental conditions.

Allowance for Credit Losses on Unfunded Commitments
Under CECL, we evaluate the need for an allowance for credit losses on unfunded commitments, which is included in “Other liabilities” in the Consolidated Statements of Condition. The related provision is included as part of the “Provision for credit losses” in the Consolidated Statements of Comprehensive Income. The amount of expected losses is determined by calculating a commitment usage factor over the contractual period for exposures that are not unconditionally cancellable by the Association and applying the loss factors used in the ACLL methodology to the results of the usage calculation. No allowance for credit losses is recorded for commitments that are unconditionally cancellable.

Allowance for Credit Losses on Investment Securities
Quarterly, we evaluate the held-to-maturity investment portfolio for credit losses. When the present value of cash flows expected to be collected from the security is less than the amortized cost basis of the security, an allowance for credit losses on investment securities is recognized and is limited to the amortized cost less the fair value. For securities that are guaranteed by the United States (U.S.) government or other governmental agencies, we have not recognized an allowance for credit losses on investment securities as our expectation of nonpayment of the amortized cost basis, based on historical losses, is zero.

Collateral Dependent Loans: Collateral dependent loans are loans secured by collateral, including but not limited to real estate, equipment, inventory, livestock, and income-producing property. We measure the expected credit losses based on the fair value of collateral at the reporting date when we determine that foreclosure is probable. Under the fair value practical expedient measurement approach, the expected credit losses are based on the difference between the fair value of the collateral less estimated costs to sell and the amortized cost basis of the loan.

The fair value of the collateral is adjusted for the estimated costs to sell if repayment or satisfaction of a loan is dependent on the sale (rather than only on the operation) of the collateral. In accordance with our appraisal policy, the fair value of collateral-dependent loans is based upon in-house or independent third-party appraisals or on in-house collateral valuations. When an updated appraisal or collateral valuation is received, management reassesses the need for adjustments to the loan’s expected credit loss measurements and, where appropriate, records an adjustment.

Additionally, when a borrower is experiencing financial difficulty, we apply the fair value practical expedient measurement approach for loans when the repayment is expected to be provided substantially through the operation or sale of the collateral.

Accrued Interest Receivable: Accrued interest receivable is presented separately in the Consolidated Statements of Condition and includes accrued interest on loans and investment securities.

Investment in AgriBank: Our stock investment in AgriBank is on a cost plus allocated equities basis.

Investment Securities: We are authorized by the FCA to purchase and hold certain types of investments. As we have the positive intent and ability to hold these investments to maturity, they have been classified as held-to-maturity and are carried at amortized cost, net of allowance for credit losses on investment securities upon the adoption of CECL. Purchased premiums and discounts are amortized or accreted using the interest method over the terms of the respective securities.

We consider an investment security contractually past due when any payment of principal or interest required by the investment security is not received on or before the due date. The accrual of interest income is suspended for investments that are in default or for which the collectability of principal or interest is doubtful. When an investment security is in default and the interest is determined to be uncollectible, we immediately reverse any accrued interest.

Premises and Equipment: The carrying amount of premises and equipment is at cost, less accumulated depreciation and is included in “Other assets” in the Consolidated Statements of Condition. Calculation of depreciation is generally on the straight-line method over the estimated useful lives of the assets.

Depreciation and maintenance and repair expenses are included in “Other operating expense” in the Consolidated Statements of Comprehensive Income and improvements are capitalized.

Leases: We are the lessee in operating leases. We evaluate arrangements at inception to determine if it is a lease. Leases with an initial term of 12 months or less are not recorded in the Consolidated Statements of Condition with lease expense recognized on a straight-line basis over the lease term. For operating leases with terms greater than 12 months the right-of-use (ROU) assets are included in “Other assets” in the Consolidated Statements of Condition and the lease liabilities are included in “Other liabilities” in the Consolidated Statements of Condition.

The ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. We use the implicit rate when readily determinable. Our lease terms may include options to extend or terminate the lease. The length of the lease term is modified to include the option when it is reasonably certain that we will exercise that option. Operating lease expense for lease payments is recognized on a straight-line basis over the lease term.

Post-Employment Benefit Plans: The District has various post-employment benefit plans in which our employees participate. Expenses related to these plans, except for the AgriBank District Pension Restoration Plan, are included in “Salaries and employee benefits” in the Consolidated Statements of Comprehensive Income.

We participate in the AgriBank District Retirement Plan. The plan is comprised of two benefit formulas. At their option, employees hired prior to October 1, 2001, are on the cash balance formula or on the final average pay formula. Benefit eligible employees hired between October 1, 2001, and December 31, 2006, are on the cash balance formula. Effective January 1, 2007, the AgriBank District Retirement Plan was closed to new employees. The AgriBank District Retirement Plan utilizes the "Projected Unit Credit" actuarial method for financial reporting and funding purposes.

We participate in the AgriBank District Pension Restoration Plan. This plan restores retirement benefits to certain highly compensated eligible employees that would have been provided under the qualified plan if such benefits were not above certain Internal Revenue Code limits. The pension liability attributable to the Pension Restoration Plan at the Association and the related accumulated other comprehensive income are included in the Consolidated Statements of Condition. The components of the net periodic cost other than the service cost component, are included in “Other operating expense” in the Consolidated Statements of Comprehensive Income. Service costs are included in “Salaries and employee benefits” in the Consolidated Statements of Comprehensive Income.

We also provide certain health insurance benefits to eligible retired employees according to the terms of those benefit plans. The anticipated cost of these benefits is accrued during the employees’ active service period.

The defined contribution plan allows eligible employees to save for their retirement either pre-tax, post-tax, or both, with an employer match on a percentage of the employee’s contributions. We provide benefits under this plan for those employees that do not participate in the AgriBank District Retirement Plan in the form of a fixed percentage of salary contribution in addition to the employer match. Employer contributions are expensed when incurred.

Beginning in 2023, we participate in the Nonqualified Deferred Compensation Plan. Eligible participants must meet one of the following criteria: certain salary thresholds as determined by the Internal Revenue Service (IRS), are either a Chief Executive Officer or President of a participating employer, or have previously elected pre-tax deferrals in 2006 under predecessor nonqualified deferred compensation plans. Under this plan the employee may defer a portion of his/her salary, bonus, and other compensation. Additionally, the plan provides for supplemental employer matching contributions related to any compensation deferred by the employee that would have been eligible for a matching contribution under the retirement savings plan if it were not for certain IRS limitations.

Income Taxes: The ACA and PCA accrue federal and state income taxes. Deferred tax assets and liabilities are recognized for future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities. Deferred tax assets are included in “Other assets” in the Consolidated Statements of Condition and deferred tax liabilities are included in “Other liabilities” in the Consolidated Statements of Condition. Deferred tax assets are recorded if the deferred tax asset is more likely than not to be realized. If the realization test cannot be met, the deferred tax asset is reduced by a valuation allowance. The expected future tax consequences of uncertain income tax positions are accrued.

The FLCA is exempt from federal and other taxes to the extent provided in the Farm Credit Act.

Patronage Program: We accrue patronage distributions according to a prescribed formula approved by the Board of Directors. Generally, we pay the accrued patronage during the first quarter after year end.

Off-Balance Sheet Credit Exposures: Commitments to extend credit are agreements to lend to a borrower as long as there is not a violation of any condition established in the loan contract. The commitments to extend credit generally have fixed expiration dates or other termination clauses. Standby letters of credit are agreements to pay a beneficiary if there is a default on a contractual arrangement. We evaluate the need for an allowance for credit losses on unfunded commitments, which is included in “Other liabilities” in the Consolidated Statements of Condition. For more information see the allowance for credit losses on unfunded commitments policy in the significant accounting policies section of this report.

Cash: For purposes of reporting cash flow, cash includes cash on hand.

Fair Value Measurement: The accounting guidance describes three levels of inputs that may be used to measure fair value.

Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 — Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active so that they are traded less frequently than exchange-traded instruments, quoted prices that are not current, or principal market information that is not released publicly
- Inputs that are observable such as interest rates and yield curves, prepayment speeds, credit risks, and default rates
- Inputs derived principally from or corroborated by observable market data by correlation or other means

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These unobservable inputs reflect the reporting entity's own judgments about assumptions that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Recently Issued or Adopted Accounting Pronouncements

We have assessed the potential impact of accounting standards that have been issued by the Financial Accounting Standards Board (FASB) and have determined the following standard to be applicable to our business. While we are a nonpublic business entity, our financial results are closely related to the performance of the combined Farm Credit System. Therefore, we typically adopt accounting pronouncements in alignment with other System institutions.

Standard and effective date	Description	Adoption status and financial statement impact
In December 2023, the FASB issued Accounting Standards Update 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This guidance is effective for annual periods beginning after December 15, 2025.	This guidance requires more transparency about income tax information through improvements to income tax disclosures. The improvements applicable to our Association will require adding information by state jurisdiction to the rate reconciliation and income taxes paid disclosures.	We expect to adopt the standard as of January 1, 2026. The adoption of this guidance is not expected to have a material impact on our financial statements, but will modify certain disclosures.

NOTE 3: LOANS AND ALLOWANCE FOR CREDIT LOSSES ON LOANS

Loans by Type

(dollars in thousands)

As of December 31,	**2024**			2023			2022		
		Amortized Cost	%		Amortized Cost	%		Amortized Cost	%
Real estate mortgage	**$**	**566,348**	**61.6%**	$	529,655	62.1%	$	529,053	60.7%
Production and intermediate-term		**297,672**	**32.4%**		273,886	32.1%		287,729	33.0%
Agribusiness		**34,715**	**3.8%**		24,034	2.8%		22,044	2.5%
Other		**19,926**	**2.2%**		25,908	3.0%		33,361	3.8%
Total	**$**	**918,661**	**100.0%**	$	853,483	100.0%	$	872,187	100.0%

The other category is composed of certain assets characterized as mission related investments, as well as rural residential real estate related loans.

Throughout Note 3 accrued interest receivable on loans of $27.3 million and $22.6 million at December 31, 2024, and 2023, respectively, has been excluded from the amortized cost of loans and is presented in "Accrued interest receivable" in the Consolidated Statements of Condition.

Portfolio Concentrations

Loan concentrations exist when there are amounts loaned to multiple borrowers engaged in similar activities or within close proximity, which could cause them to be similarly impacted by economic or other conditions. We lend primarily within agricultural industries.

As of December 31, 2024, amortized cost on loans plus commitments, reduced by government guaranteed portions of loans, to our ten largest borrowers totaled an amount equal to 12.4% of total loans and commitments.

Total loans plus any unfunded commitments represent a proportionate maximum potential credit risk. However, substantial portions of our lending activities are collateralized. Accordingly, the credit risk associated with lending activities is less than the recorded loan principal. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the borrower. Collateral held varies, but may include real estate, equipment, inventory, livestock, and income-producing property.

Participations

We may purchase or sell participation interests with other parties to diversify risk, manage portfolio size, or comply with the limitations of the FCA Regulations or General Financing Agreement (GFA) with AgriBank.

Participations Purchased and Sold

(in thousands) As of December 31, 2024	AgriBank Participations Purchased	AgriBank Participations Sold	Other Farm Credit Institutions Participations Purchased	Other Farm Credit Institutions Participations Sold	Non-Farm Credit Institutions Participations Purchased	Non-Farm Credit Institutions Participations Sold	Total Participations Purchased	Total Participations Sold
Real estate mortgage	**$ --**	**$ (96,851)**	**$ 55,206**	**$ --**	**$ 302**	**$ --**	**$ 55,508**	**$ (96,851)**
Production and intermediate-term	**--**	**(27,625)**	**7,447**	**--**	**--**	**--**	**7,447**	**(27,625)**
Agribusiness	**--**	**(1,070)**	**12,117**	**--**	**--**	**--**	**12,117**	**(1,070)**
Other	**--**	**(200)**	**--**	**--**	**--**	**--**	**--**	**(200)**
Total	**$ --**	**$ (125,746)**	**$ 74,770**	**$ --**	**$ 302**	**$ --**	**$ 75,072**	**$ (125,746)**

As of December 31, 2023	AgriBank Participations Purchased	AgriBank Participations Sold	Other Farm Credit Institutions Participations Purchased	Other Farm Credit Institutions Participations Sold	Non-Farm Credit Institutions Participations Purchased	Non-Farm Credit Institutions Participations Sold	Total Participations Purchased	Total Participations Sold
Real estate mortgage	$ --	$ (90,874)	$ 48,007	$ (4,601)	$ 380	$ --	$ 48,387	$ (95,475)
Production and intermediate-term	--	(24,764)	9,972	(2,754)	--	--	9,972	(27,518)
Agribusiness	--	(1,240)	7,025	(4,933)	--	--	7,025	(6,173)
Other	--	(211)	4,475	(42)	--	--	4,475	(253)
Total	$ --	$ (117,089)	$ 69,479	$ (12,330)	$ 380	$ --	$ 69,859	$ (129,419)

As of December 31, 2022	AgriBank Participations Purchased	AgriBank Participations Sold	Other Farm Credit Institutions Participations Purchased	Other Farm Credit Institutions Participations Sold	Non-Farm Credit Institutions Participations Purchased	Non-Farm Credit Institutions Participations Sold	Total Participations Purchased	Total Participations Sold
Real estate mortgage	$ --	$ (44,089)	$ 38,523	$ (5,186)	$ 452	$ --	$ 38,975	$ (49,275)
Production and intermediate-term	--	--	4,766	(3,489)	--	--	4,766	(3,489)
Agribusiness	--	--	6,130	(5,301)	--	--	6,130	(5,301)
Other	--	--	4,385	(48)	--	--	4,385	(48)
Total	$ --	$ (44,089)	$ 53,804	$ (14,024)	$ 452	$ --	$ 54,256	$ (58,113)

Credit Quality and Delinquency

Credit risk arises from the potential inability of a borrower to meet its payment obligation and exists in our outstanding loans, letters of credit, and unfunded loan commitments. We manage credit risk associated with our lending activities through an analysis of the credit risk profile of an individual borrower based on management established underwriting standards and board approved lending policies. The evaluation of the borrower's credit risk profile may include analysis of several factors including, but not limited to, credit history, repayment capacity, financial position, and collateral. Real estate mortgage loans must be secured by first liens on the real estate. As required by the FCA regulations, each institution that makes loans on a secured basis must have collateral evaluation policies and procedures. Real estate mortgage loans may be made only in amounts up to 85% of the original appraised value of the property taken as security or up to 97% of the appraised value if guaranteed by a state, federal, or other governmental agency. The actual loan to appraised value when loans are made is generally lower than the statutory maximum percentage. Loans other than real estate mortgage may be made on a secured or unsecured basis.

We use a two-dimensional risk rating model based on an internally generated combined System risk rating guidance that incorporates a 14-point probability of default rating scale to identify and track the probability of borrower default and a separate 6-point scale addressing loss given default. Probability of default is our assumption of the probability that a borrower will experience a default during the life of the loan. Each of the 14 probability of default categories carries a distinct percentage of default probability and is associated with a FCA Uniform Classification System credit quality category. The loss given default is our assumption as to the anticipated principal loss on a specific loan assuming default occurs during the remaining life of the loan. A default is considered to have occurred if the lender believes the borrower will not be able to pay its obligation in full or the borrower or the loan is classified as nonaccrual. This credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses, and risks in a particular relationship. We review the probability of default category periodically in accordance with our policy, or when a credit action is taken.

We utilize the FCA Uniform Classification System, which categorizes loans into five credit quality categories:

- Acceptable – loans are non-criticized loans representing the highest quality. They are expected to be fully collectible. This category is further differentiated into various probabilities of default.
- Other assets especially mentioned (special mention) – loans are currently collectible but exhibit some potential weakness. These loans involve increased credit risk, but not to the point of justifying a substandard classification.
- Substandard – loans exhibit some serious weakness in repayment capacity, equity, and/or collateral pledged on the loan.
- Doubtful – loans exhibit similar weaknesses as substandard loans. Doubtful loans have additional weaknesses in existing factors, conditions, and values that make collection in full highly questionable.
- Loss – loans are considered uncollectible.

We had no loans categorized as loss at December 31, 2024, 2023, or 2022.

The probability of default rate of the acceptable category reflects almost no default to a minimal default percentage. The probability of default rate grows more rapidly as a loan moves from acceptable to special mention and grows significantly as a loan moves to a substandard (viable) level. A substandard (non-viable) rating indicates that the probability of default is almost certain.

Credit Quality of Loans at Amortized Cost[1]

(dollars in thousands)	Acceptable		Special Mention		Substandard/ Doubtful		Total	
As of December 31, 2024	Amount	%	Amount	%	Amount	%	Amount	%
Real estate mortgage	**$ 540,224**	**95.4%**	**$ 25,926**	**4.6%**	**$ 198**	**0.0%**	**$ 566,348**	**100.0%**
Production and intermediate-term	**274,427**	**92.2%**	**18,559**	**6.2%**	**4,686**	**1.6%**	**297,672**	**100.0%**
Agribusiness	**28,847**	**83.1%**	**1,837**	**5.3%**	**4,031**	**11.6%**	**34,715**	**100.0%**
Other	**19,795**	**99.3%**	**131**	**0.7%**	**--**	**--**	**19,926**	**100.0%**
Total	**$ 863,293**	**93.9%**	**$ 46,453**	**5.1%**	**$ 8,915**	**1.0%**	**$ 918,661**	**100.0%**

	Acceptable		Special Mention		Substandard/ Doubtful		Total	
As of December 31, 2023	Amount	%	Amount	%	Amount	%	Amount	%
Real estate mortgage	$ 515,714	97.4%	$ 9,563	1.8%	$ 4,378	0.8%	$ 529,655	100.0%
Production and intermediate-term	266,737	97.4%	4,856	1.8%	2,293	0.8%	273,886	100.0%
Agribusiness	24,034	100.0%	--	--	--	--	24,034	100.0%
Other	21,308	82.2%	4,600	17.8%	--	--	25,908	100.0%
Total	$ 827,793	97.0%	$ 19,019	2.2%	$ 6,671	0.8%	$ 853,483	100.0%

	Acceptable		Special Mention		Substandard/ Doubtful		Total	
As of December 31, 2022	Amount	%	Amount	%	Amount	%	Amount	%
Real estate mortgage	$ 526,902	97.6%	$ 8,316	1.6%	$ 4,466	0.8%	$ 539,684	100.0%
Production and intermediate-term	286,874	97.3%	7,656	2.6%	367	0.1%	294,897	100.0%
Agribusiness	22,304	100.0%	--	--	--	--	22,304	100.0%
Other	33,448	99.6%	142	0.4%	--	--	33,590	100.0%
Total	$ 869,528	97.6%	$ 16,114	1.9%	$ 4,833	0.5%	$ 890,475	100.0%

[1]Prior to the adoption of CECL, which was effective January 1, 2023, accruing loans included accrued interest receivable.

Aging Analysis of Loans at Amortized Cost[1]

(in thousands) **As of December 31, 2024**	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total	Accruing Loans 90 Days or More Past Due
Real estate mortgage	**$ 114**	**$ --**	**$ 114**	**$ 566,234**	**$ 566,348**	**$ --**
Production and intermediate-term	**784**	**169**	**953**	**296,719**	**297,672**	**--**
Agribusiness	**720**	**--**	**720**	**33,995**	**34,715**	**--**
Other	**568**	**336**	**904**	**19,022**	**19,926**	**336**
Total	**$ 2,186**	**$ 505**	**$ 2,691**	**$ 915,970**	**$ 918,661**	**$ 336**

As of December 31, 2023	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total	Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ --	$ --	$ --	$ 529,655	$ 529,655	$ --
Production and intermediate-term	160	465	625	273,261	273,886	--
Agribusiness	--	--	--	24,034	24,034	--
Other	2,918	918	3,836	22,072	25,908	918
Total	$ 3,078	$ 1,383	$ 4,461	$ 849,022	$ 853,483	$ 918

As of December 31, 2022		30-89 Days Past Due		90 Days or More Past Due		Total Past Due		Not Past Due or Less Than 30 Days Past Due		Total		Accruing Loans 90 Days or More Past Due
Real estate mortgage	$	24	$	--	$	24	$	539,660	$	539,684	$	--
Production and intermediate-term		--		164		164		294,733		294,897		--
Agribusiness		--		--		--		22,304		22,304		--
Other		388		1,899		2,287		31,303		33,590		1,899
Total	$	412	$	2,063	$	2,475	$	888,000	$	890,475	$	1,899

[1]Prior to the adoption of CECL, which was effective January 1, 2023, accruing loans included accrued interest receivable.

Nonaccrual Loans

Nonaccrual Loans by Loan Type

(in thousands) As of December 31,		**2024**		2023		2022
Real estate mortgage	**$**	**1**	$	775	$	71
Production and intermediate-term		**1,191**		1,530		367
Total	**$**	**1,192**	$	2,305	$	438

Additional Nonaccrual Loans Information

		As of December 31, 2024		**For the year ended December 31, 2024**
(in thousands)		Amortized Cost Without Allowance		Interest Income Recognized
Real estate mortgage	**$**	**1**	**$**	**118**
Production and intermediate-term		**--**		**78**
Other		**--**		**1**
Total	**$**	**1**	**$**	**197**

		As of December 31, 2023		For the year ended December 31, 2023
		Amortized Cost Without Allowance		Interest Income Recognized
Real estate mortgage	$	775	$	23
Production and intermediate-term		1,040		6
Total	$	1,815	$	29

Reversals of interest income on loans that transferred to nonaccrual status were $206 thousand and $84 thousand for the years ended December 31, 2024, and 2023, respectively.

Loan Modifications Granted to Borrowers Experiencing Financial Difficulty

Included within our loans are loan modifications; some of which are granted to borrowers experiencing financial difficulty. Loans that both modify and are paid off or charged-off during the period, resulting in an amortized cost balance of zero at the end of the period, are not included in the disclosures below.

Loan Modifications at Amortized Cost

(dollars in thousands) **For the year ended December 31, 2024**		Term Extension		Payment Deferral		Combination - Term Extension and Payment Deferral		Total	Percentage of Total Loans
Production and intermediate-term	**$**	**1,900**	**$**	**--**	**$**	**--**	**$**	**1,900**	**0.2%**
Total	**$**	**1,900**	**$**	**--**	**$**	**--**	**$**	**1,900**	**0.2%**

For the year ended December 31, 2023	Term Extension	Payment Deferral	Combination - Term Extension and Payment Deferral	Total	Percentage of Total Loans
Real estate mortgage	$ --	$ 765	$ --	$ 765	0.1%
Production and intermediate-term	--	936	13	949	0.1%
Total	$ --	$ 1,701	$ 13	$ 1,714	0.2%
Loan modifications granted as a percentage of total loans	--	0.2%	0.0%	0.2%	

Financial Effect of Loan Modifications

For the year ended December 31, 2024	Weighted Average Term Extension (months)	Weighted Average Payment Deferral (months)
Production and intermediate-term		
Term extension	**58**	

For the year ended December 31, 2023	Weighted Average Term Extension (months)	Weighted Average Payment Deferral (months)
Real estate mortgage		
Payment deferral		11
Production and intermediate-term		
Payment deferral		10
Combination - term extension and payment deferral	6	6

There were no loans to borrowers experiencing financial difficulty that defaulted during the year ended December 31, 2024, in which the modifications were within twelve months preceding the default. We had loans to borrowers experiencing financial difficulty with payment deferral in the production and intermediate-term loan category of $465 thousand that defaulted during the year ended December 31, 2023, in which the modifications were within twelve months preceding the default.

The following table presents the payment status at amortized cost of loans that have been modified for borrowers experiencing financial difficulty within twelve months of the respective reporting period.

Payment Status of Loan Modifications

(in thousands) **As of December 31, 2024**	Not Past Due or Less than 30 Days Past Due	90 Days or More Past Due	Total
Production and intermediate-term	**$ 1,900**	**$ --**	**$ 1,900**
Total	**$ 1,900**	**$ --**	**$ 1,900**

As of December 31, 2023	Not Past Due or Less than 30 Days Past Due	90 Days or More Past Due	Total
Real estate mortgage	$ 765	$ --	$ 765
Production and intermediate-term	484	465	949
Total	$ 1,249	$ 465	$ 1,714

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty was not material at December 31, 2024. There was no accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty at December 31, 2023.

Additional commitments to lend to borrowers experiencing financial difficulty whose loans were modified during the year ended December 31, 2024, were $300 thousand. There were no commitments to lend to borrowers experiencing financial difficulty whose loans were modified during the year ended December 31, 2023.

Allowance for Credit Losses

Our loan portfolio is divided into segments primarily based on loan type which are the segments used to estimate the allowance for credit losses. As our lending authorities limit the types of loans we can originate, our portfolio is concentrated in the agriculture sector. The credit risk associated with each of our portfolio segments includes a strong correlation to agricultural commodity prices and input costs. Specifically for our real estate mortgage segment, the value of agricultural land that serves as collateral is a key risk characteristic. Additionally, unemployment rates and gross domestic product levels are additional key risk characteristics attributable to our portfolio. We consider these characteristics, among others, in assigning internal risk ratings and forecasting credit losses on our loan portfolio and related unfunded commitments.

We develop our reasonable and supportable forecast by considering a multitude of macroeconomic variables. Our forecasts of U.S. net farm income, U.S. real gross domestic product, and U.S. unemployment rate represent the key macroeconomic variables that most significantly affect the estimate of the allowance for credit losses on loans and unfunded commitments.

We utilize a single macroeconomic scenario in the estimate of the allowance for credit losses on loans and unfunded commitments which represents the most probable forecasted outcome. Subsequent changes in the macroeconomic forecasts will be reflected in the provision for credit losses in future periods.

Changes in Allowance for Credit Losses

(in thousands) As of December 31,	**2024**	2023	2022
Allowance for Credit Losses on Loans			
Balance at beginning of year	**$ 748**	$ 1,009	$ 1,265
Cumulative effect of change in accounting principle	**--**	(159)	--
Provision for credit losses on loans	**1,295**	(31)	(237)
Loan recoveries	**94**	17	2
Loan charge-offs	**(28)**	(88)	(21)
Balance at end of year	**$ 2,109**	$ 748	$ 1,009
Allowance for Credit Losses on Unfunded Commitments			
Balance at beginning of year	**$ 20**	$ 120	$ 120
Cumulative effect of change in accounting principle	**--**	(90)	--
Provision for credit losses on unfunded commitments	**10**	(10)	--
Balance at end of year	**$ 30**	$ 20	$ 120
Total allowance for credit losses	**$ 2,139**	$ 768	$ 1,129

The change in the allowance for credit losses on loans from December 31, 2023, was primarily driven by an increase in specific reserves for undercollateralized loans as well as increases to the general reserve throughout the year.

Changes in Allowance for Credit Losses on Loans by Loan Type

(in thousands)	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Other	Total
Allowance for credit losses on loans:					
Balance as of December 31, 2023	**$ 307**	**$ 338**	**$ 75**	**$ 28**	**$ 748**
Provision for credit losses on loans	**221**	**1,058**	**42**	**(26)**	**1,295**
Loan recoveries	**33**	**61**	**--**	**--**	**94**
Loan charge-offs	**(1)**	**(27)**	**--**	**--**	**(28)**
Balance as of December 31, 2024	**$ 560**	**$ 1,430**	**$ 117**	**$ 2**	**$ 2,109**

	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Other	Total
Allowance for credit losses on loans:					
Balance as of December 31, 2022	$ 207	$ 757	$ 43	$ 2	$ 1,009
Cumulative effect of change in accounting principle	113	(345)	68	5	(159)
Provision for credit losses on loans	25	(41)	(36)	21	(31)
Loan recoveries	--	17	--	--	17
Loan charge-offs	(38)	(50)	--	--	(88)
Balance as of December 31, 2023	$ 307	$ 338	$ 75	$ 28	$ 748

	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Other	Total
Allowance for credit losses on loans:					
Balance as of December 31, 2021	$ 309	$ 913	$ 42	$ 1	$ 1,265
Provision for credit losses on loans	(104)	(135)	1	1	(237)
Loan recoveries	2	--	--	--	2
Loan charge-offs	--	(21)	--	--	(21)
Balance as of December 31, 2022	$ 207	$ 757	$ 43	$ 2	$ 1,009

Previously Required Disclosures

The disclosures in this section were required prior to January 1, 2023. Upon the adoption of CECL, these disclosures are no longer required prospectively.

Risk Loans: Risk loans are loans for which it is probable that all principal and interest will not be collected according to the contractual terms.

Risk Loan Information

(in thousands)

As of December 31,	2022
Nonaccrual loans:	
Current as to principal and interest	$ 250
Past due	188
Total nonaccrual loans	438
Accruing restructured loans	--
Accruing loans 90 days or more past due	1,899
Total risk loans	$ 2,337
Volume with specific allowance	$ 367
Volume without specific allowance	1,970
Total risk loans	$ 2,337
Total specific allowance	$ 348

For the year ended December 31,	2022
Income on accrual risk loans	$ 49
Income on nonaccrual loans	65
Total income on risk loans	$ 114
Average risk loans	$ 1,368

Note: Accruing loans include accrued interest receivable.

Additional Impaired Loan Information by Loan Type

(in thousands)	As of December 31, 2022 Recorded Investment[1]	Unpaid Principal Balance[2]	Related Allowance	For the year ended December 31, 2022 Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Real estate mortgage	$ --	$ --	$ --	$ --	$ --
Production and intermediate-term	367	367	348	438	--
Other	--	--	--	--	--
Total	$ 367	$ 367	$ 348	$ 438	$ --
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	$ 71	$ 139	$ --	$ 192	$ 30
Production and intermediate-term	--	95	--	9	41
Other	1,899	1,825	--	729	43
Total	$ 1,970	$ 2,059	$ --	$ 930	$ 114
Total impaired loans:					
Real estate mortgage	$ 71	$ 139	$ --	$ 192	$ 30
Production and intermediate-term	367	462	348	447	41
Other	1,899	1,825	--	729	43
Total	$ 2,337	$ 2,426	$ 348	$ 1,368	$ 114

[1]The recorded investment is the unpaid principal amount of the receivable increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, and acquisition costs and may also reflect a previous direct charge-off of the investment.

[2]Unpaid principal balance represents the contractual principal balance of the loan.

Year End Recorded Investments by Loan Type

(in thousands) As of December 31, 2022	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Other	Total
Allowance for loan losses:					
Ending balance: individually evaluated for impairment	$ --	$ 348	$ --	$ --	$ 348
Ending balance: collectively evaluated for impairment	$ 207	$ 409	$ 43	$ 2	$ 661
Recorded investment in loans outstanding:					
Ending balance	$ 539,684	$ 294,897	$ 22,304	$ 33,590	$ 890,475
Ending balance: individually evaluated for impairment	$ 71	$ 367	$ --	$ 1,899	$ 2,337
Ending balance: collectively evaluated for impairment	$ 539,613	$ 294,530	$ 22,304	$ 31,691	$ 888,138

Troubled Debt Restructurings: Prior to the adoption of CECL, a restructuring of a loan constituted a troubled debt restructuring, also known as formally restructured, if the creditor for economic or legal reasons related to the borrower's financial difficulties granted a concession to the borrower that it would not otherwise consider. Concessions varied by program and were borrower-specific and could include interest rate reductions, term extensions, payment deferrals, or the acceptance of additional collateral in lieu of payments. In limited circumstances, principal may have been forgiven.

We completed TDRs of certain production and intermediate-term loans during the year ended December 31, 2022. Our recorded investment in these loans just prior to and immediately following the restructuring was $205 thousand during the year ended December 31, 2022. The recorded investment is the unpaid principal amount of the receivable increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, and acquisition costs and may also reflect a previous direct charge-off of the investment.

The primary type of modification was interest rate reduction below market.

There were no TDRs that defaulted during the year ended December 31, 2022, in which the modification was within twelve months of the reporting period.

TDRs outstanding, at amortized cost plus accrued interest, in the production and intermediate-term loan category totaled $202 thousand, all of which were in nonaccrual status at December 31, 2022.

NOTE 4: INVESTMENT IN AGRIBANK

Our investment in AgriBank was $38.1 million, $35.8 million, and $27.5 million at December 31, 2024, 2023, and 2022, respectively. As of December 31, 2024, we were required by AgriBank to maintain an investment equal to 3.1% of the average quarterly balance of our note payable. We are also required to hold AgriBank stock based on a contractual agreement under any asset pool program in which we participate. The required investment amount varies by asset pool program and is generally a percentage of the loan balance in the pool.

AgriBank's capital plan provides for annual retirement of AgriBank stock and optimizes capital at AgriBank by distributing all available AgriBank earnings in the form of patronage, either in cash or stock. The plan is designed to maintain capital adequacy such that sufficient earnings will be retained in the form of allocated retained earnings and allocated stock to meet the leverage ratio target and other regulatory or policy constraints prior to any cash patronage distributions.

NOTE 5: INVESTMENT SECURITIES

We held investment securities of $24.9 million, $30.9 million, and $22.4 million at December 31, 2024, 2023, and 2022, respectively. Our investment securities consisted of pools of loans fully guaranteed by the Small Business Administration. Premiums paid to purchase the investments are not guaranteed and are amortized as a reduction of interest income.

The investment securities have been classified as held-to-maturity. Effective January 1, 2023, we adopted CECL, which amended the previous other-than-temporary impairment model for investment securities to incorporate an allowance for credit losses on investment securities. There was no allowance for credit losses on investment securities at December 31, 2024, or 2023. Prior to January 1, 2023, the investment portfolio was evaluated for other-than-temporary impairment. No investments were impaired at December 31, 2022.

Accrued interest receivable on investment securities is presented in "Accrued interest receivable" in the Consolidated Statements of Condition and was $345 thousand, $438 thousand, and $238 thousand at December 31, 2024, 2023, and 2022, respectively.

Investment income is recorded in "Interest income" in the Consolidated Statements of Comprehensive Income and totaled $1.6 million, $1.5 million, and $417 thousand in 2024, 2023, and 2022, respectively.

Contractual Maturities of Investment Securities

(in thousands) **As of December 31, 2024**		Amortized Cost
One to five years	**$**	**821**
Five to ten years		**9,376**
More than ten years		**14,657**
Total	**$**	**24,854**

Previously Required Disclosures

The disclosures in this section were required prior to January 1, 2023. Upon the adoption of CECL, these disclosures are no longer required prospectively.

Additional Investment Securities Information

(dollars in thousands) As of December 31,		2022
Amortized cost	$	22,366
Unrealized gains		98
Unrealized losses		(203)
Fair value	$	22,261
Weighted average yield		2.7%

A summary of investments in an unrealized loss position presented by the length of time the investments have been in a continuous unrealized loss position follows:

(in thousands)	Less than 12 months		Greater than 12 months	
As of December 31, 2022	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
ABS	$ 8,053	$ (72)	$ 3,867	$ (131)
Total	$ 8,053	$ (72)	$ 3,867	$ (131)

NOTE 6: NOTE PAYABLE TO AGRIBANK

Our note payable to AgriBank represents borrowings, in the form of a line of credit, to fund our loan portfolio. The line of credit is at a variable rate as governed by a GFA and substantially all of our assets serve as collateral.

Note Payable Information

(dollars in thousands)

As of December 31,	**2024**	2023	2022
Line of credit	**$ 1,200,000**	$ 1,060,000	$ 1,060,000
Outstanding principal under the line of credit	**783,712**	728,516	736,861
Interest rate	**3.6%**	3.4%	2.8%

Our note payable is scheduled to mature on December 31, 2026. We intend to renegotiate the note payable no later than the maturity date.

The GFA provides for limitations on our ability to borrow funds based on specified factors or formulas relating primarily to outstanding balances, credit quality, and financial condition. Additionally, we have requirements to maintain an effective program of internal controls over financial reporting. At December 31, 2024, and throughout the year, we were not declared in default under any GFA covenants or provisions.

NOTE 7: MEMBERS' EQUITY

Capitalization Requirements

In accordance with the Farm Credit Act, each borrower is required to invest in us as a condition of obtaining a loan. As authorized by the Agricultural Credit Act and our capital bylaws, the Board of Directors has adopted a capital plan that establishes a stock purchase requirement for obtaining a loan of 2.0% of the customer's total loan(s) or one thousand dollars, whichever is less. The purchase of one participation certificate is required of all non-stockholder customers who purchase financial services. The Board of Directors may increase the amount of required investment to the extent authorized in the capital bylaws. The borrower acquires ownership of the capital stock at the time the loan is made. The aggregate par value of the stock is added to the principal amount of the related obligation. We retain a first lien on the stock or participation certificates owned by customers.

Regulatory Capitalization Requirements

Regulatory Capital Requirements and Ratios

As of December 31,	**2024**	2023	2022	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:						
Common equity tier 1 ratio	**18.4%**	18.4%	18.0%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**18.4%**	18.4%	18.0%	6.0%	2.5%	8.5%
Total capital ratio	**18.5%**	18.5%	18.1%	8.0%	2.5%	10.5%
Permanent capital ratio	**18.5%**	18.4%	18.0%	7.0%	N/A	7.0%
Non-risk-adjusted:						
Tier 1 leverage ratio	**18.7%**	18.8%	18.2%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**18.5%**	18.6%	18.0%	1.5%	N/A	1.5%

Risk-adjusted assets have been defined by the FCA Regulations as the Statement of Condition assets and off-balance-sheet commitments adjusted by various percentages, depending on the level of risk inherent in the various types of assets.

Risk-adjusted assets are calculated differently for the permanent capital ratio (referred herein as PCR risk-adjusted assets) compared to the other risk-based capital ratios. The primary difference is the inclusion of the allowance for credit losses on loans and the allowance for credit losses on investment securities, if applicable, as a deduction to risk-adjusted assets for the permanent capital ratio.

These ratios are based on a three-month average daily balance in accordance with the FCA Regulations and are calculated as follows (not all items below may be applicable to our Association):

- Common equity tier 1 ratio is statutory minimum purchased member stock, other required member stock held for a minimum of 7 years, allocated equities held for a minimum of 7 years or not subject to retirement, unallocated retained earnings as regulatorily prescribed, paid-in capital, less certain regulatory required deductions including the amount of allocated investments in other System institutions, and the amount of purchased investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.
- Tier 1 capital ratio is common equity tier 1 plus non-cumulative perpetual preferred stock, divided by average risk-adjusted assets.
- Total capital is tier 1 capital plus other required member stock held for a minimum of 5 years, allocated equities held for a minimum of 5 years, subordinated debt, and limited-life preferred stock greater than 5 years to maturity at issuance subject to certain limitations, allowance for credit losses on loans, unfunded commitments, and investment securities subject to certain limitations, less certain investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.

- Permanent capital ratio is all at-risk borrower stock, any allocated excess stock, unallocated retained earnings as regulatorily prescribed, paid-in capital, subordinated debt, and preferred stock subject to certain limitations, less certain allocated and purchased investments in other System institutions divided by PCR risk-adjusted assets.
- Tier 1 leverage ratio is tier 1 capital, including regulatory deductions, divided by average assets less regulatory deductions subject to tier 1 capital.
- Unallocated retained earnings and equivalents leverage ratio is unallocated retained earnings as regulatorily prescribed, paid-in capital, allocated retained earnings not subject to retirement less certain regulatory required deductions including the amount of allocated investments in other System institutions divided by average assets less regulatory deductions subject to tier 1 capital.

If the capital ratios fall below the total requirements, including the buffer amounts, capital distributions (equity redemptions, dividends, and patronage) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval.

Description of Equities

The following represents information regarding classes and number of shares of stock and participation certificates outstanding. All shares and participation certificates are stated at a $5.00 par value.

	Number of Shares		
As of December 31,	**2024**	2023	2022
Class C common stock (at-risk)	**327,989**	326,741	325,672
Series 2 participation certificates (at-risk)	**3,980**	3,580	2,980

Under our bylaws, we are also authorized to issue Class D common stock, Class E common stock, and Class F preferred stock. Each of these classes of common stock is at-risk and nonvoting with a $5.00 par value per share. Currently, no stock of these classes has been issued.

Only holders of Class C common stock have voting rights. Our bylaws do not prohibit us from paying dividends on any classes of stock. However, no dividends have been declared to date.

Our bylaws generally permit stock and participation certificates to be retired at the discretion of our Board of Directors and in accordance with our capitalization plans, provided prescribed capital standards have been met. At December 31, 2024, we exceeded the prescribed standards. We do not anticipate any significant changes in capital that would affect the normal retirement of stock.

In the event of our liquidation or dissolution, according to our bylaws, any assets remaining after payment or retirement of all liabilities shall be distributed first, pro rata to holders of preferred stock, and second, pro rata to holders of all classes of common stock and participation certificates.

In the event of stock impairment, losses will be absorbed first by concurrent impairment of all classes of common stock and participation certificates, then by holders of preferred stock.

All classes of stock are transferable to other customers who are eligible to hold such class as long as we meet the regulatory minimum capital requirements.

Patronage Distributions

We accrued patronage distributions of $9.0 million, $8.8 million, and $8.5 million at December 31, 2024, 2023, and 2022, respectively. The patronage distributions are paid in cash, generally during the first quarter after year end. The Board of Directors may authorize a distribution of earnings provided we meet all statutory and regulatory requirements.

NOTE 8: INCOME TAXES

(Benefit from) Provision for Income Taxes

(Benefit from) Provision for Income Taxes

(dollars in thousands)

For the year ended December 31,	**2024**	2023	2022
Current:			
Federal	**$ 2**	$ 3	$ 66
Total current	**$ 2**	$ 3	$ 66
Deferred:			
Federal	**$ (323)**	$ (51)	$ 105
Total deferred	**(323)**	(51)	105
(Benefit from) provision for income taxes	**$ (321)**	$ (48)	$ 171
Effective tax rate	**(1.7%)**	(0.2%)	0.9%

Reconciliation of Taxes at Federal Statutory Rate to (Benefit from) Provision for Income Taxes

(in thousands) For the year ended December 31,	2024	2023	2022
Federal tax at statutory rates	**$ 3,933**	$ 4,266	$ 4,187
Patronage distributions	**(1,292)**	(1,167)	(1,139)
Effect of non-taxable entity	**(2,956)**	(3,150)	(2,938)
Other	**(6)**	3	61
(Benefit from) provision for income taxes	**$ (321)**	$ (48)	$ 171

Refer to the income taxes policy in Note 2 for information on exemptions related to our non-taxable entity.

Deferred Income Taxes

Tax laws require certain items to be included in our tax returns at different times than the items are reflected on our Consolidated Statements of Comprehensive Income. Some of these items are temporary differences that will reverse over time. We record the tax effect of temporary differences as deferred tax assets and liabilities netted on our Consolidated Statements of Condition.

Deferred Tax Assets and Liabilities

(in thousands) As of December 31,	2024	2023	2022
Allowance for credit losses on loans	**$ 336**	$ 88	$ 189
Postretirement benefit accrual	**46**	49	54
Accrued incentive	**154**	131	130
Accrued pension asset	**(393)**	(439)	(509)
Depreciation	**(1)**	2	2
Other assets	**22**	10	6
Deferred tax assets (liabilities), net	**$ 164**	$ (159)	$ (128)
Gross deferred tax assets	**$ 558**	$ 280	$ 381
Gross deferred tax liabilities	**$ (394)**	$ (439)	$ (509)

A valuation allowance for the deferred tax assets was not necessary at December 31, 2024, 2023, or 2022.

We have not provided for deferred income taxes on patronage allocations received from AgriBank prior to 1993. Such allocations, distributed in the form of stock, are subject to tax only upon conversion to cash. Our intent is to permanently maintain this investment in AgriBank. Our total permanent investment in AgriBank is $10.0 million. Additionally, we have not provided deferred income taxes on accumulated FLCA earnings of $156.9 million as it is our intent to permanently maintain this equity in the FLCA or to distribute the earnings to members in a manner that results in no additional tax liability to us.

Our income tax returns are subject to review by various United States taxing authorities. We record accruals for items that we believe may be challenged by these taxing authorities. However, we had no uncertain income tax positions at December 31, 2024. In addition, we believe we are no longer subject to income tax examinations for years prior to 2021.

NOTE 9: EMPLOYEE BENEFIT PLANS

Pension and Post-Employment Benefit Plans

Complete financial information for the pension and post-employment benefit plans may be found in the AgriBank 2024 Annual Report.

The Farm Credit Foundations Plan Sponsor and Trust Committees provide oversight of the benefit plans for which AgriBank and District associations are participating employers. These governance committees are comprised of elected or appointed representatives (senior leadership and/or Board of Director members) from the participating organizations. The Plan Sponsor Committee is responsible for employer decisions regarding all benefit plans including retirement benefits. These decisions could include plan design changes, vendor changes, determination of employer subsidies (if any), and termination of specific benefit plans. Any action to change or terminate the retirement plan can only occur at the direction of the AgriBank District participating employers. The Trust Committee is responsible for fiduciary and plan administrative functions.

Pension Plan: We participate in the AgriBank District Retirement Plan, a District-wide multi-employer defined benefit retirement plan. The Department of Labor has determined the plan to be a governmental plan; therefore, the plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). As the plan is not subject to ERISA, the plan's benefits are not insured by the Pension Benefit Guaranty Corporation. Accordingly, the amount of accumulated benefits that participants would receive in the event of the plan's termination is contingent on the sufficiency of the plan's net assets to provide benefits at that time. This plan is noncontributory and covers certain eligible District employees. The assets, liabilities, and costs of the plan are not segregated by participating entities. As such, plan assets are available for any of the participating employers' retirees at any point in time. Additionally, if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. Further, if we choose to stop participating in the plan, we may be required to pay an amount based on the underfunded status of the plan. Because of the nature of the plan, any individual employer is not able to unilaterally change the provisions of the plan. If an employee transfers to another employer within the same plan, the employee benefits under the plan transfer. Benefits are based on salary and years of service. There is no collective bargaining agreement in place as part of this plan.

AgriBank District Retirement Plan Information

(in thousands) As of December 31,		2024		2023		2022
Funded (unfunded) status	**$**	**55,397**	$	(31,065)	$	(87,688)
Projected benefit obligation		**1,096,604**		1,245,052		1,204,130
Fair value of plan assets		**1,152,001**		1,213,987		1,116,442
Accumulated benefit obligation		**1,011,357**		1,140,936		1,083,610

For the year ended December 31,		2024		2023		2022
Total plan expense	**$**	**41,090**	$	55,535	$	30,475
Our allocated share of plan expenses		**432**		651		304
Contributions by participating employers		**40,000**		45,000		90,385
Our allocated share of contributions		**420**		526		1,002

The funded (unfunded) status reflects the net of the fair value of the plan assets and the projected benefit obligation at December 31. The projected benefit obligation is the actuarial present value of all benefits attributed by the pension benefit formula to employee service rendered prior to the measurement date based on assumed future compensation levels. The accumulated benefit obligation is the actuarial present value of the benefits attributed to employee service rendered before the measurement date and based on current employee service and compensation. The funding status is subject to many variables including performance of plan assets and interest rate levels. Therefore, changes in assumptions could significantly affect these estimates.

Costs are determined for each individual employer based on costs directly related to their current employees as well as an allocation of the remaining costs based proportionately on the estimated projected liability of the employer under this plan. We recognize our proportional share of expense and contribute a proportional share of funding.

Benefits paid to participants in the District were $127.5 million in 2024. While the plan is a governmental plan and is not subject to minimum funding requirements, the employers contribute amounts necessary on an actuarial basis to provide the plan with sufficient assets to meet the benefits to be paid to participants. The amount of the total District employer contributions expected to be paid into the pension plan during 2025 is $14.7 million. Our allocated share of these pension contributions is expected to be $155 thousand. The amount ultimately to be contributed and the amount ultimately recognized as expense as well as the timing of those contributions and expenses, are subject to many variables including performance of plan assets and interest rate levels. These variables could result in actual contributions and expenses being greater than or less than the amounts reflected in the District financial statements.

Nonqualified Retirement Plan: We participate in the District-wide nonqualified defined benefit Pension Restoration Plan. This plan restores retirement benefits to certain highly compensated eligible employees that would have been provided under the qualified plan if such benefits were not above certain Internal Revenue Code limits.

Pension Restoration Plan Information

(in thousands) As of December 31,		2024		2023		2022
Our unfunded status	**$**	**(188)**	$	(213)	$	(241)

For the year ended December 31,		2024		2023		2022
Our cash contributions	**$**	**36**	$	36	$	36

The nonqualified plan is funded as the benefits are paid; therefore, there are no assets in the plan and the unfunded status is equal to the projected benefit obligation. The amount of the pension benefits funding status is subject to many variables including interest rate levels. Therefore, changes in assumptions could significantly affect these estimates.

Costs are determined for each individual employer based on costs directly related to their participants in the plan. The Pension Restoration Plan is unfunded and we make annual contributions to fund benefits paid to our retirees covered by the plan. Our cash contributions are equal to the benefits paid. There were no benefits paid under the Pension Restoration Plan to our senior officers who were actively employed during the year.

Retiree Medical Plans: District employers also provide certain health insurance benefits to eligible retired employees according to the terms of the benefit plans. The anticipated costs of these benefits are accrued during the period of the employee's active status. Net periodic benefit cost is included in "Salaries and employee benefits" in the Consolidated Statements of Comprehensive Income. Postretirement benefit costs related to the retiree medical plans were not considered material for any of the years presented. Our cash contributions were equal to the benefits paid.

Defined Contribution Plans

We participate in a District-wide defined contribution plan. For employees hired before January 1, 2007, employee contributions are matched dollar for dollar up to 2.0% and 50 cents on the dollar on the next 4.0% on both pre-tax and post-tax contributions. The maximum employer match is 4.0%. For employees hired after December 31, 2006, we contribute 3.0% of the employee's compensation and will match employee contributions dollar for dollar up to a maximum of 6.0% on both pre-tax and post-tax contributions. The maximum employer contribution is 9.0%.

Beginning in 2023, we also participate in a District-wide Nonqualified Deferred Compensation Plan. Eligible participants must meet one of the following criteria: certain salary thresholds as determined by the IRS, are either a Chief Executive Officer or President of a participating employer, or have previously elected pre-tax deferrals in 2006 under predecessor nonqualified deferred compensation plans. Under this plan the employee may defer a portion of his/her salary, bonus, and other compensation. Additionally, the plan provides for supplemental employer matching contributions related to any compensation deferred by the employee that would have been eligible for a matching contribution under the defined contribution plan if it were not for certain IRS limitations.

Employer contribution expenses for these plans, included in "Salaries and employee benefits" in the Consolidated Statements of Comprehensive Income, were $430 thousand, $373 thousand, and $319 thousand in 2024, 2023, and 2022, respectively. These expenses were equal to our cash contributions for each year.

NOTE 10: RELATED PARTY TRANSACTIONS

In the ordinary course of business, we may enter into loan transactions with our officers, directors, their immediate family members, and other organizations with which such persons may be associated. Such transactions may be subject to special approval requirements contained in the FCA Regulations and are made on the same terms, including interest rates, amortization schedules, and collateral, as those prevailing at the time for comparable transactions with other persons. In our opinion, none of these loans outstanding at December 31, 2024, involved more than a normal risk of collectability. There were no material related party transactions other than the loan transactions disclosed in the following related party loans information table.

Related Party Loans Information

(in thousands)

As of December 31,	**2024**	2023	2022
Total related party loans	**$ 35,128**	$ 36,695	$ 12,971
For the year ended December 31,	**2024**	2023	2022
Advances to related parties	**$ 22,408**	$ 24,458	$ 8,945
Repayments by related parties	**16,907**	17,119	7,812

The related parties can be different each year end primarily due to changes in the composition of the Board of Directors and the mix of organizations with which such persons may be associated. Advances and repayments on loans in the preceding table are related to those considered related parties at each respective year end.

As described in Note 6, we borrow from AgriBank, in the form of a line of credit, to fund our loan portfolio. All interest expense as shown in the Consolidated Statements of Comprehensive Income was paid to AgriBank.

Total patronage from AgriBank was $4.7 million, $5.2 million, and $4.7 million in 2024, 2023, and 2022, respectively. Patronage income for 2024, 2023, and 2022 was received in cash and AgriBank stock.

In addition, we received compensation from AgriBank for servicing loans of $155 thousand, $53 thousand, and $37 thousand in 2024, 2023, and 2022, respectively.

Refer to Note 3 for information on participations sold to AgriBank and Note 4 for stock investment in AgriBank information.

We purchase certain business services, primarily financial reporting, from AgriBank. We also purchase the following services from SunStream Business Services (SunStream): financial and retail information technology, collateral, tax reporting, and insurance. In addition, we purchase human resource, benefit, payroll, and workforce management services from Farm Credit Foundations (Foundations). SunStream and Foundations are both System service corporations within the AgriBank District and the costs incurred are included in the following table in AgriBank District purchased services. In addition to the services we purchase from AgriBank, SunStream, and Foundations we also hold an investment in each of these institutions.

Additional Related Party Information

(in thousands)

As of December 31,	**2024**	2023	2022
Investment in AgriBank	**$ 38,073**	$ 35,821	$ 27,518
Investment in SunStream	**263**	263	226
Investment in Foundations	**11**	11	11
For the year ended December 31,	**2024**	2023	2022
AgriBank District purchased services	**$ 1,598**	$ 1,473	$ 1,184

NOTE 11: CONTINGENCIES AND COMMITMENTS

In the normal course of business, we have various contingent liabilities and commitments outstanding, which may not be reflected in the Consolidated Financial Statements. We do not anticipate any material losses because of these contingencies or commitments.

We may be named as a defendant in certain lawsuits or legal actions in the normal course of business. At the date of these Consolidated Financial Statements, our management team was not aware of any material actions. However, management cannot ensure that such actions or other contingencies will not arise in the future.

We have commitments to extend credit and letters of credit to satisfy the financing needs of our borrowers. These financial instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized on the financial statements. Commitments to extend credit are agreements to lend to a borrower as long as there is not a violation of any condition established in the loan contract. Standby letters of credit are agreements to pay a beneficiary if there is a default on a contractual arrangement. At December 31, 2024, we had commitments to extend credit and unexercised commitments related to standby letters of credit of $190.3 million. Additionally, we had $8 thousand of issued standby letters of credit as of December 31, 2024.

Commitments to extend credit and letters of credit generally have fixed expiration dates or other termination clauses and we may require payment of a fee. If commitments to extend credit and letters of credit remain unfulfilled or have not expired, they have off-balance sheet credit risk because their contractual amounts are not reflected on the balance sheet until funded or drawn upon. Many of the commitments to extend credit and letters of credit will expire without being fully drawn upon. Therefore, the total commitments do not necessarily represent future cash requirements. Certain letters of credit may have recourse provisions that would enable us to recover from third parties, amounts paid under guarantees, thereby limiting our maximum potential exposure. The credit risk involved in issuing these financial instruments is essentially the same as that involved in extending loans to borrowers and we apply the same credit policies. The amount of collateral obtained, if deemed necessary by us upon extension of credit, is based on management's credit evaluation of the borrower.

We guarantee the amounts borrowed by SunStream on their line of credit with AgriBank, up to $50.0 million. The term of the line of credit is 36 months and scheduled to mature on June 30, 2027, and may be extended. The guarantee is in effect until any outstanding balance is paid in full. While we are primarily liable for our pro rata portion of SunStream's indebtedness to AgriBank, we are jointly and severally liable with certain other owners of SunStream. In the event of default by SunStream, we are responsible for the prompt and full payment of amounts outstanding. However, we may seek reimbursement from the remaining owners of SunStream subject to the guarantee agreement. The outstanding balance on the SunStream line of credit at December 31, 2024, was $29.8 million. At this time we believe it is unlikely that we will be required to make payment under this guarantee.

NOTE 12: FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for the asset or liability. Accounting guidance also establishes a fair value hierarchy, with three input levels that may be used to measure fair value. Refer to Note 2 for a more complete description of the three input levels.

We did not have any assets or liabilities measured at fair value on a recurring basis at December 31, 2024, 2023, or 2022.

Non-Recurring Basis

We may be required, from time to time, to measure certain assets at fair value on a non-recurring basis.

Assets Measured at Fair Value on a Non-Recurring Basis

(in thousands)

As of December 31, 2024	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Total Fair Value
Loans	**$ --**	**$ --**	**$ 64**	**$ 64**

As of December 31, 2023	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Total Fair Value
Loans	$ --	$ --	$ 253	$ 253

As of December 31, 2022	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Total Fair Value
Loans	$ --	$ --	$ 20	$ 20

Valuation Techniques

Loans: Represents the carrying amount of loans evaluated individually for credit losses and deemed to be collateral dependent. The carrying value amount is based on the estimated value of the underlying collateral, less costs to sell. When the fair value of the collateral, less costs to sell, is less than the amortized cost basis of the loan, a specific allowance for expected credit losses is established. Costs to sell represent transaction costs and are not included as a component of the collateral's estimated fair value. Typically, the process requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters and, therefore, are classified as Level 3 fair value measurements.

NOTE 13: SUBSEQUENT EVENTS

We have evaluated subsequent events through March 12, 2025, which is the date the Consolidated Financial Statements were available to be issued. There have been no material subsequent events that would require recognition in our 2024 Consolidated Financial Statements or disclosure in the Notes to Consolidated Financial Statements.

DISCLOSURE INFORMATION REQUIRED BY REGULATIONS

Farm Credit Southeast Missouri, ACA

(Unaudited)

Description of Business

General information regarding the business is incorporated herein by reference from Note 1 to the Consolidated Financial Statements in this Annual Report.

The description of significant business developments, if any, is incorporated herein by reference from the Management's Discussion and Analysis section of this Annual Report.

Description of Property

Property Information

Location	Description	Usage
Sikeston	Owned	Headquarters
Sikeston	Owned	Branch
Mississippi County	Owned	Branch
Dexter	Owned	Branch
Jackson	Owned	Branch
Kennett	Owned	Branch
Kennett	Owned	Land[1]
Piedmont	Leased	Satellite Office
Portageville	Owned	Branch
Poplar Bluff	Owned	Branch

[1]During 2024, land was purchased in Kennett and a new branch location will be constructed with an occupation date sometime in 2026.

Legal Proceedings

Information regarding legal proceedings is included in Note 11 to the Consolidated Financial Statements in this Annual Report. We were not subject to any enforcement actions as of December 31, 2024.

Description of Capital Structure

Information regarding our capital structure is included in Note 7 to the Consolidated Financial Statements in this Annual Report.

Description of Liabilities

Information regarding liabilities is included in Notes 6, 7, 8, 9, and 11 to the Consolidated Financial Statements in this Annual Report. All debt and other liabilities in the financial statements are uninsured.

Selected Financial Data

The Consolidated Five-Year Summary of Selected Financial Data is presented at the beginning of this Annual Report.

Management's Discussion and Analysis

Information regarding any material aspects of our financial condition, changes in financial condition, and results of operations are discussed in the Management's Discussion and Analysis section of this Annual Report.

Board of Directors

Board of Directors as of December 31, 2024, including business experience during the last five years

Name	Principal occupation and other business affiliations
Ed C. Marshall III **Chairperson** **Board Service Began:** 2005 **Current Term Expires:** 2026	**Principal occupation:** Self-employed grain farmer and land owner **Other business affiliations:** President: Levee District #3, a special levee maintenance taxing entity located in Mississippi County, Missouri
James Priggel **Vice Chairperson** **Board Service Began:** 2010 **Current Term Expires:** 2025	**Principal occupation:** Self-employed grain and cotton farmer
Allen Below **Board Service Began:** 2023 **Current Term Expires:** 2026	**Principal ccupation:** Self-employed grain, cotton, and peanut farmer and partial owner of a cotton gin **Other business affiliations:** Board President: Stoddard County Soil and Water District, research and water quality and erosion monitoring Board Member: Cotton Inc., research and promotion of cotton Board President: Stoddard County Circuit Court Ditch #5, draining maintenance
Laura Hunter Collins **Board Service Began:** 2023 **Current Term Expires:** 2026	**Principal occupation:** Self-employed grain and cotton farmer and seed sales **Other business affiliations:** Board Chairperson: SEMO Regional Water District, monitor irrigation wells and level of aquifier Board Member: Fisher Delta Research Center, agriculture research station
Keith Eftink **Board Service Began:** 2024 **Current Term Expires:** 2027	**Principal occupation:** Self-employed grain farmer and land owner **Other business affiliations:** Board Member: Cape Girardeau County Soil and Water Conservation District, research and water quality and erosion monitoring
Tracy Robison **Outside Director** **Board Service Began:** 2019 **Current Term Expires:** 2027	**Principal occupation:** Owner of Robison Associates, LLC, a kitchen and bath design consulting company **Other business affiliations:** Board Member: Bloomfield Improvement Corporation, supports the creation of jobs in the city of Bloomfield, Missouri Board Member: Stoddard County Children's Home, represents the communities of Bloomfield and Dexter
Philip M. Showmaker **Outside Director** **Chairperson of the Audit Committee** **Board Service Began:** 2011 **Current Term Expires:** 2025	**Principal occupation:** Retired accountant with Conway and Clay, CPA, a certified public accounting firm **Other business affiliations:** Board Member: AgriBank District Farm Credit Council, a trade association representing the AgriBank District
Marty Vancil **Board Service Began:** 2012 **Current Term Expires:** 2027	**Principal occupation:** Self-employed grain and cotton farmer
Markel D. Yarbro **Board Service Began:** 1998 **Current Term Expires:** 2025	**Principal occupation:** Self-employed grain farmer

Pursuant to our bylaws, directors are paid a reasonable amount for attendance at board meetings, committee meetings, or other special assignments. Directors are also reimbursed for reasonable expenses incurred in connection with such meetings or assignments. Our Board of Directors has adopted a rate of $600 per day for elected directors, $750 per day for outside appointed directors, and a rate of $200 per conference call. In addition, the Board Chairperson receives a $10,000 annual stipend and the Audit Committee Chairperson receives a $15,000 annual stipend. The aforementioned rates were all effective April 1, 2024. Prior to April 1, 2024, the rates were $500 per day for directors (elected and appointed) and $175 per conference call with an annual stipend of $6,000 for Board Chairperson and an annual stipend of $12,000 for Audit Committee Chairperson.

Information regarding compensation paid to each director who served during 2024 follows:

Name	Number of Days Served: Board Meetings	Number of Days Served: Other Official Activities	Compensation Paid for Service on a Board Committee	Name of Committee	Total Compensation Paid in 2024
Ed C. Marshall III, Chairperson of the Board	10.0	32.0	$ 2,900	Audit Committee	$ 26,138
Michael Aufdenberg[1]	4.0	11.0	500	Audit Committee	11,468
James Priggel, Vice Chairperson of the Board	10.0	13.0	--		12,100
Allen Below	9.0	8.0	--		8,900
Laura Hunter Collins	9.0	13.0	1,800	Audit Committee	12,000
Keith Eftink[2]	6.0	12.0	--		9,700
Tracy Robison	10.0	26.0	3,500	Audit Committee	22,350
Philip M. Showmaker, Chairperson of the Audit Committee	10.0	44.0	18,550	Audit Committee	45,500
Marty Vancil	9.0	12.0	--		11,300
Markel D. Yarbro	10.0	18.0	2,900	Audit Committee	14,600
					$ 174,056

[1]Michael Aufdenberg was Chairperson of the Board through May 30, 2024, his term expired in 2024.

[2]Elected to the board in 2024.

Senior Officers

Senior Officers as of December 31, 2024, including business experience during the last five years

Name and Position	Business experience and other business affiliations
Gregory M. Cunningham President/Chief Executive Officer	**Business experience:** President/Chief Executive Officer since August 2020
Michelle M. Beacham Executive Vice President/Chief Financial Officer	**Business experience:** Executive Vice President/Chief Financial Officer since October 2019
Mark Zabelin Executive Vice President/Chief Credit Officer	**Business experience:** Executive Vice President/Chief Credit Officer since March 2024 Vice President/Branch Manager from May 2017 to February 2024

Information related to compensation paid to senior officers is provided in our Annual Meeting Information Statement (AMIS). The AMIS is available for public inspection at our office.

Transactions with Senior Officers and Directors

Information regarding related party transactions is included in Note 10 to the Consolidated Financial Statements in this Annual Report.

Travel, Subsistence, and Other Related Expenses

Directors and senior officers are reimbursed for reasonable travel, subsistence, and other related expenses associated with business functions. A copy of our policy for reimbursing these costs is available by contacting us at:

1116 N. Main Street
Sikeston, MO 63801
(573) 471-0342
www.FarmCreditSEMO.com
info@FarmCreditSEMO.com

The total directors' travel, subsistence, and other related expenses were $42 thousand, $42 thousand, and $23 thousand in 2024, 2023, and 2022, respectively.

Involvement in Certain Legal Proceedings

No events occurred during the past five years that are material to evaluating the ability or integrity of any person who served as a director or senior officer on January 1, 2025, or at any time during 2024.

Member Privacy

The FCA Regulations protect members' nonpublic personal financial information. Our directors and employees are restricted from disclosing information about our Association or our members not normally contained in published reports or press releases.

Relationship with Qualified Public Accountant

There were no changes in the independent auditors since the last Annual Report to members and we are in agreement with the opinion expressed by the independent auditors. The total financial statement audit fees paid during 2024 were $99 thousand. Our engagement letter commits to reimbursing the external auditor for reasonable out-of-pocket expenses as incurred.

Financial Statements

The Report of Management, Report of Audit Committee, Report of Independent Auditors, Consolidated Financial Statements, and Notes to Consolidated Financial Statements are presented prior to this portion of the Consolidated Financial Statements in this Annual Report.

Young, Beginning, and Small Farmers and Ranchers (YBS)

Information regarding credit and services to young, beginning, and small farmers and ranchers, and producers or harvesters of aquatic products is included in an addendum to this Annual Report.

YOUNG, BEGINNING, AND SMALL FARMERS AND RANCHERS

Farm Credit Southeast Missouri, ACA
(Unaudited)

We have specific programs in place to serve the credit and related needs of young, beginning, and small farmers and ranchers (YBS) in our territory. The definitions of YBS as developed by the Farm Credit Administration (FCA) follow:

- Young: A farmer, rancher, or producer or harvester of aquatic products who is age 35 or younger as of the date the loan is originally made.
- Beginning: A farmer, rancher, or producer or harvester of aquatic products who has 10 years or less of experience at farming, ranching, or producing or harvesting aquatic products as of the date the loan is originally made.
- Small: A farmer, rancher, or producer or harvester of aquatic products who normally generates less than $350 thousand in annual gross cash farm income of agricultural or aquatic products at the date the loan is originally made.

Demographics

Based on the United States Department of Agriculture (USDA) 2022 Census of Agriculture, 9.0% of the farmers in our 12-county territory are young farmers (up to age 34); 32.4% of the farmers in the territory are beginning farmers (up to 9 years 'on the present farm'); and 58.7% of the farms are small farms ($1,000 to $249,000 gross farm income).

The USDA Census definitions are in parentheses above. Please note that the USDA Census definitions do not exactly match the accepted YBS definitions widely used in the Farm Credit System as listed in the previous section and therefore the Census percentages are not necessarily comparable to our Association's percentages.

Mission Statement YBS

Young, beginning, and small farmers, ranchers and producers or harvesters of aquatic products are valued customers of our Association. It is our mission to provide sound and constructive credit and services to young, beginning, and small farmers, ranchers and producers or harvesters of aquatic products to the maximum extent possible consistent with safe and sound business practices and within our risk-bearing capacity.

We have protected the name AgSunrise which is the program we have established to serve the young and beginning farmers and ranchers in the Farm Credit Southeast Missouri territory.

We have and continue to network with other Farm Credit System associations to share information about what programs have worked in their areas.

We attended a nationwide workshop that brought together several association representatives to discuss options and ways we can continue to promote our YBS programs and maintain the credit standards recommended by AgriBank as well as FCA.

Mission Statement AgSunrise

Farm Credit Southeast Missouri will be the premier financial provider of financing for young and beginning farmers and ranchers. AgSunrise by Farm Credit Southeast Missouri will provide flexible financing opportunities and education for young and beginning farmers and ranchers, equipping the next generation with the foundational tools for long-term success.

Farm Credit Southeast Missouri will focus on our AgSunrise program to ensure that young and beginning farmers and ranchers are being served throughout the territory, including all under-served markets and all commodity groups, in order to increase our market presence by number and volume.

Quantitative Goals for 2025

The target goals for the year ending December 31, 2025, will remain the same as the years ended December 31, 2024, 2023, and 2022. Below are the 2025 targets for our young, beginning, and small farmers and ranchers program:

2025 Goals	
15% by Number	Young Farmers (all existing)
15% by Number	Young Farmers (new loans in 2025)
10% by Volume	Young Farmers (all existing)
10% by Volume	Young Farmers (new loans in 2025)
15% by Number	Beginning Farmers (all existing)
15% by Number	Beginning Farmers (new loans in 2025)
10% by Volume	Beginning Farmers (all existing)
10% by Volume	Beginning Farmers (new loans in 2025)
15% by Number	Small Farmers (all existing)
15% by Number	Small Farmers (new loans in 2025)
10% by Volume	Small Farmers (all existing)
10% by Volume	Small Farmers (new loans in 2025)

Quantitative Goals and Results for 2024

Below are the 2024 goals and actual results for our young, beginning, and small farmers and ranchers program:

2024 Goals	2024 Actual results
15% by Number	24.0% Young Farmers (all existing)
15% by Number	27.4% Young Farmers (new loans in 2024)
10% by Volume	17.3% Young Farmers (all existing)
10% by Volume	21.7% Young Farmers (new loans in 2024)
15% by Number	25.9% Beginning Farmers (all existing)
15% by Number	31.6% Beginning Farmers (new loans in 2024)
10% by Volume	18.2% Beginning Farmers (all existing)
10% by Volume	24.2% Beginning Farmers (new loans in 2024)
15% by Number	37.5% Small Farmers (all existing)
15% by Number	38.9% Small Farmers (new loans in 2024)
10% by Volume	13.5% Small Farmers (all existing)
10% by Volume	9.8% Small Farmers (new loans in 2024)

The following tables detail the level of new business generated in 2024 plus the level of business outstanding as of December 31, 2024, both by number of loans and by volume for young and beginning farmers and ranchers:

Young and Beginning Farmers and Ranchers - Gross New Business During the Year

Category	Number of Loans	Percentage of Total	Volume Outstanding (in thousands)	Percentage of Total
Total gross new loans and commitments made during the year	961	100.0%	$ 354,013	100.0%
Total loans and commitments made to young farmers and ranchers	263	27.4%	76,887	21.7%
Total loans and commitments made to beginning farmers and ranchers	304	31.6%	85,827	24.2%

Young and Beginning Farmers and Ranchers - Number/Volume of Loans Outstanding at December 31, 2024

Category	Number of Loans	Percentage of Total	Volume Outstanding (in thousands)	Percentage of Total
Total loans and commitments outstanding at year end	4,088	100.0%	$ 1,214,724	100.0%
Young farmers and ranchers	979	24.0%	209,538	17.3%
Beginning farmers and ranchers	1,060	25.9%	220,511	18.2%

The following tables detail the level of new business generated in 2024 plus the level of business outstanding as of December 31, 2024, both by number of loans and by volume for small farmers and ranchers:

Small Farmers and Ranchers - Gross New Business by Loan Size

Number/Volume	$0-$50,000	$50,001-$100,000	$100,001-$250,000	$250,001 and greater
Total number of new loans and commitments made during the year	302	146	156	357
Total number of loans made to small farmers and ranchers during the year	234	78	68	29
Number of loans made to small farmers and ranchers as a percentage of total number of loans	77.5%	53.4%	43.6%	8.1%
(dollars in thousands)				
Total gross loan volume of all new loans and commitments made during the year	$ 8,234	$ 11,198	$ 26,950	$ 307,631
Total gross loan volume to small farmers and ranchers	6,126	5,963	10,689	16,320
Loan volume to small farmers and ranchers as a percentage of total gross new loan volume	74.4%	53.3%	39.7%	5.3%

Small Farmers and Ranchers - Number/Volume of Loans Outstanding by Loan Size

Number/Volume	$0-$50,000	$50,001-$100,000	$100,001-$250,000	$250,001 and greater
Total number of loans and commitments outstanding at year end	1,385	658	849	1,196
Total number of loans to small farmers and ranchers	809	275	305	141
Number of loans made to small farmers and ranchers as a percentage of total loan volume	58.4%	41.8%	35.9%	11.8%
(dollars in thousands)				
Total loan volume outstanding at year end	$ 32,683	$ 48,437	$ 140,448	$ 993,156
Total loan volume to small farmers and ranchers	17,593	20,020	48,604	77,003
Loan volume to small farmers and ranchers as a percentage of total loan volume	53.8%	41.3%	34.6%	7.8%

Qualitative Goals and Outreach Programs

We set the following qualitative goals for 2024:

- Offer credit and related services in coordination with Farm Service Agency (FSA) and state programs.
- Offer differential loan underwriting standards.
- Make use of loan guarantees, subordinations, and co-signers.
- Offer business and financial skills training.
- Offer insurance products.
- Promote use of Missouri Linked Deposit Program funding with lower customer interest rates.
- Continue to promote our initiative, called AgSunrise, that is a subset of YBS, but with special focus on young and beginning farmers and ranchers.
- Promote AgSunrise through various marketing channels.

To accomplish our goals for the young, beginning, and small farmers and ranchers program, these are actions we have taken in the past and ongoing:

- Sponsored meetings to educate YBS farmers and ranchers on crop marketing techniques including futures and options.
- Sponsored meetings to educate YBS farmers and ranchers on crop insurance services.
- Sponsored meetings tailored to educate YBS farmers and ranchers on how to join marketing techniques with crop insurance services.
- Offered crop protection insurance and life insurance to YBS farmers and ranchers and discussed the benefits with them individually, in meetings and via radio advertising.
- Met with YBS farmers and ranchers to show them the support that could be made by using FSA 90/10 guarantees and 50/45/5 programs.
- Shared Farm Financial Checkup results with borrowers.
- Met with FSA to obtain information to provide to young farmers and ranchers on programs that would benefit them, including guarantee and subordination programs.
- Counseled YBS farmers and ranchers in the office on good financial practices.
- Ran ads on radio and TV stations pertaining to YBS programs.
- Attended Three Rivers Junior College Ag Committee semi-annual meetings to discuss educational needs of Ag students.
- Offered a streamlined scorecard approval service for small farmers and ranchers to significantly reduce paperwork.
- Encouraged YBS farmers and ranchers to use marketing consultants, scouting services and financial guidance counselors.
- Encouraged YBS farmers and ranchers to keep adequate financial records and for their accountant to prepare full disclosure year-end financial statements including a Statement of Cash Flows to better analyze and manage their finances.
- Became a member of Kennett Chamber of Commerce Agriculture committee.
- Met with FSA officials to identify YBS farmers and ranchers that may be able to graduate from FSA and qualify for Farm Credit Southeast Missouri loans.
- Made FSA guaranteed loans with YBS farmers and ranchers.
- Made FSA subordinated loans to YBS farmers and ranchers.
- Invited and recognized Future Farmers of America (FFA) sponsor and officers at annual dinner.
- Supported and built relationships with FFA program directors.
- Built relationships with FSA.
- Adapted credit presentation model to address YBS farmers and ranchers.
- Provided interest rate discounts, fee waivers, and financial support for the YBS farmers and ranchers.
- Provided financial support for educational programs for YBS farmers and ranchers.
- Used social media to communicate Farm Credit programs and opportunities.
- Increasing our numbers of program participants.
- Continue to educate our existing customer base and trade area prospects of this opportunity.
- Participated in various sponsorships:
    - Missouri Rice Council
    - Provided meals for Southeast Missouri District Ag Teachers meeting
    - Several high school athletic teams and events
    - Local FFA Chapters for awards
    - University of Missouri Scott County Extension
    - Farmers Recognition Banquet at Sikeston

  - Multi County Women's Health Fair
  - Bootheel 4-H – Ag Safety Day
  - Butler County Fair
  - Butler County 4-H – golf sponsor
  - Stoddard County 4-H – livestock auction
  - Wayne County Extension 4-H
  - Missouri 4-H – golf sponsor
  - Missouri Corn Growers Association – golf sponsor
  - Missouri Soybean Association State Political Action Committee
  - Missouri Women in Ag
  - Agriculture Future of America Day of Giving
  - Sikeston Jaycee Bootheel Rodeo
  - Cape County Farm Bureau – marketing meeting sponsor
  - Cape Girardeau County University Extension Center
  - Cape County Prospect Show
  - Generations Pro Rodeo
  - Dexter Farmers Market
  - Three Rivers College Rodeo
  - National Wild Turkey Federation
  - University of Missouri AgConnect
  - Flickerwood Little Britches Rodeo
  - Mingo Saddle Club
  - National Soybean Festival
  - Fisher Delta Research Center
  - Swampeast Ducks Unlimited
  - Southeast Missouri Fair Foundation
  - Southeast Missouri Fair Livestock Boosters
  - Southeast Missouri district fair 4-H and FFA livestock show
  - Southeast Missouri Department of Agriculture – T-shirt sponsor FFA Day
  - Southeast Missouri Collegiate Cattlemen's Association
  - Wayne County Fair
- Participated in various FFA sponsorships:
  - Bell City FFA
  - Bernie FFA
  - Bloomfield FFA
  - Campbell FFA
  - Clearwater FFA
  - Delta FFA
  - East Prairie FFA
  - Holcomb FFA
  - Jackson FFA
  - Kelly FFA
  - Malden FFA
  - Meadow Heights FFA
  - North Pemiscot FFA
  - Oak Ridge FFA
  - Oran FFA
  - Portageville FFA
  - Puxico FFA
  - Saxony Lutheran FFA
  - Senath Hornersville FFA
  - Sikeston FFA – Cotton Carnival Parade Sponsor
  - Southland FFA
  - Woodland FFA
  - 4-H / FFA – District Fair Livestock Auctions
  - Missouri State FFA Convention
  - Area FFA Teacher's Meeting Sponsors
- Awarded scholarships to area high school seniors with agricultural career aspirations to support the next generation of agriculture industry leaders.
- Partnered with Three Rivers College for multi-year commitment to invest in the development of the "Farm Credit Ag Classroom Building" at the Three Rivers Farm in Fairdealing, Missouri which will serve the agriculture community as a classroom and meeting and event space.

Safety and Soundness of the Program

In order to provide for extension of sound and constructive credit to young, beginning, and small farmers and ranchers, consistent with our mission statement and business objectives, we set standards and guidelines related to character, capacity, capital, and collateral.

The following standards and guidelines applied to our young, beginning, and small farmers and ranchers:

AgSunrise Underwriting and Guidelines

Flexible loan limits are established which effectively reflect the unique financial characteristics of young, beginning, and small farmers and ranchers, as follows:

- 20% Owner's Equity minimum
- No minimum Net Worth
- 100% Capital Debt Repayment Capacity minimum
- 85% Loan to Appraised Value (LN/AV) Federal Land Credit Association (FLCA) maximum
- 100% LN/AV Production Credit Association (PCA) maximum – Crop value will be counted as 100% of the Operating Loan Amount with a first lien on crops
- 0% Adjusted Working Capital to Average Gross Income

Senior Loan Committee concurrence will be required when limits are not met as we do not want to miss an opportunity to do business with a potential or current customer who has solid character and a reasonable chance of a good farming career.

We will approach each loan request individually and base approval on the merits of each request. We will consider all aspects which contribute to the success of the operation weighing risk to the Association along with potential benefits with financing these beginning operations.

As indicated by these standards, primary emphasis will be on the character and capacity standards. Exceptions may be granted if there are offsetting strengths. All terms of repayment or advances will be consistent with our existing lending standards and policy. Obtaining co-signers or guarantors will be encouraged where applicable in order to maintain credit standards but is not necessarily a requirement. Whenever possible, maximum coordination will occur between the Association and with governmental and other private sources of credit to provide the best credit package for the customer. Applicants are expected to have the capability to manage and perform at or above average enterprise standards of earnings.

To minimize credit and profit risk exposure when less restrictive minimum credit criteria are required than for other customers, supplemental services or incentives not offered to other customers are available, or qualifying farmers receive preferred interest rates, we have set a maximum portfolio concentration not to exceed 200% of our risk funds. This maximum portfolio concentration is the total outstanding principal balances of loans to young, beginning, and small farmers and ranchers which have one or more exceptions to the core underwriting standards for regular loans (i.e., 50% owner's equity, 15% working capital divided by average gross income, 115% capital debt repayment capacity, and 75% loan to appraised value for the PCA or 65% loan to appraised value for the FLCA – as traditionally analyzed, or loans scoring less than 200 if scorecard processed).

Management will ensure that loans made under these programs are identified and reported to the Board quarterly and to AgriBank and the FCA annually, or more frequently as required. Such reports will provide a summary of actual results compared to the quantitative and qualitative program targets and goals as set forth in our operational and strategic business plan. Reports on these programs will also be provided to regulatory agencies, as required.

We implemented the AgSunrise Ambassador program in 2021 and it continues today. One AgSunrise customer from each branch was selected to be a member of the first class of the Ambassador Program. These customer-owners have an interest in improving their knowledge and understanding of Farm Credit and peer farmer and rancher operations. The goal of the program is to provide an environment that allows these young, beginning farmers and ranchers the opportunity to network with other young, beginning farmers and ranchers, gain an understanding of the Farm Credit System, strengthen their ability to manage their operations, and visit successful farming operations and agribusiness in the territory.

Heather Couch (Vice President/Branch Manager – Sikeston) is the coordinator for our AgSunrise programs.

FUNDS HELD PROGRAM

Farm Credit Southeast Missouri, ACA
(Unaudited)

The Association offers a Funds Held Program (“Funds Held”) that provides for customers to make advance payments on designated real estate loans and intermediate-term loans. The following terms and conditions apply to all Funds Held unless the loan agreement, or related documents, between the Association and customer provide for other limitations.

Payment Application

Loan payments received by the Association before the loan has been billed will normally be placed into Funds Held and applied against the next installment due. Loan payments received after the loan has been billed will be directly applied to the installment due on the loan and related charges, if any. Funds received in excess of the billed amount will be placed into Funds Held unless the customer has specified the funds to be applied as a special or early prepayment of principal.

When a loan installment becomes due, monies in Funds Held for the loan will be automatically applied toward the installment on the due date. Any accrued interest on Funds Held will be applied first. If the balance in Funds Held does not fully satisfy the entire installment, the customer must pay the difference by the installment due date.

Account Maximum

The amount in Funds Held may not exceed 50.0% of the unpaid principal balance of the loan.

Interest Rate

Interest will accrue on Funds Held at a simple rate of interest determined by the Association, but may never exceed the interest rate charged on the related loan. The Association may change the interest rate from time to time and may provide for different rates for different categories of loans.

Interest rates are currently reported on each customer’s year end loan statement.

Withdrawals

The Association may permit borrowers to withdraw funds from a voluntary Funds Held account, on an exception basis, up to four times per year. The minimum amount that may be withdrawn at any one time is limited to the lesser of $500 or the balance remaining in the Funds Held account.

All requests for withdrawal of funds are subject to Association approval.

Association Options

In the event of default on any loan, or if Funds Held exceeds the maximum limit as established above, or if the Association discontinues its Funds Held Program, the Association may apply funds in the account to the unpaid loan balance and other amounts due and shall return any excess funds to the customer.

Uninsured Account

Funds Held is not a depository account and is not insured. In the event of Association liquidation, customers having balances in Funds Held shall be notified according to FCA Regulations.

Questions

Please direct any questions regarding Funds Held to your local branch representative.

FARM CREDIT
SOUTHEAST MISSOURI

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2024 FARM CREDIT SOUTHEAST MISSOURI ANNUAL REPORT